

I5TJGAL1

Anderson - direct

1 UNITED STATES OF AMERICA
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

16 Cr. 371 (RA)

5 JOHN GALANIS, et al.,

6 Defendants.

7 -----x

8 New York, N.Y.

9 May 29, 2018

11:29 a.m.

10 Before:

11 HON. RONNIE ABRAMS,

12 District Judge

13
14 APPEARANCES

15 ROBERT KHUZAMI,
16 Acting United States Attorney for the
Southern District of New York

17 BY: BRENDAN F. QUIGLEY,
18 REBECCA G. MERMELSTEIN,
NEGAR TEKEEI,
Assistant United States Attorneys

19 PELUSO & TOUGER
20 Attorneys for Defendant John Galanis
BY: DAVID TOUGER

21 BOIES, SCHILLER & FLEXNER LLP (NYC)
22 Attorneys for Defendant Devon Archer
BY: MATTHEW LANE SCHWARTZ
23 LAURA HARRIS
24
25

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1 Appearances (Cont'd)

2
3 PAULA J. NOTARI

4 Attorney for Defendant Bevan Cooney

5 - and -

6 O'NEILL and HASSEN

7 Attorneys for Defendant Bevan Cooney

8 BY: ABRAHAM JABIR ABEGAZ-HASSEN

9 Also present: Kendall Jackson, Paralegal

10 Ellie Sheinwald, Paralegal

11 Eric Wissman, Paralegal

12 Special Agent Shannon Bienick, FBI

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1 (Trial resumes)

2 (In open court; jury not present)

3 THE COURT: Good morning, everyone. You may be
4 seated. Sorry to get started a little bit late today. I know
5 that the parties have submitted a number of letters both late
6 last night and this morning. I have not had a chance to review
7 them yet. Why don't you just tell me while we're checking on
8 the jury what you think is most pressing and we'll address
9 whatever we can now and the rest of the items either at lunch
10 or at another time.

11 My mike was not on. Actually just before that, I
12 think the government had suggested that given that we'll have a
13 few short days in the near future, that we have the jury eat
14 lunch here, which is fine. I think the question is how long a
15 lunch should be. Does anyone have an opinion on that?

16 MS. TEKEEI: Your Honor, we suggest half an hour just
17 to keep the day moving.

18 THE COURT: Does that give everyone else enough time?

19 MR. SCHWARTZ: 45 minutes would be more helpful.

20 THE COURT: We'll do 45 minutes, okay. So that is
21 that issue. Yes?

22 MS. TEKEEI: Your Honor, we received late last week
23 and also yesterday a number of exhibits from defense counsel.
24 Well, we received what defense counsel identified a number of
25 exhibits they intend to offer through Mr. Anderson. Some of

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1 those exhibits had been previously provided to the government
2 last week. There were several new ones late yesterday
3 afternoon.

4 We reviewed them and we submitted the letter to your
5 Honor lodging our objections to them. There are roughly two
6 categories of exhibits. One category of exhibits are documents
7 that Mr. Anderson emails that Mr. Anderson is not on. He may
8 be on lower portions of the e-mail chain in some respects, but
9 he is simply not on the higher chain. Some of those documents
10 are marked as government exhibits, and the government intends
11 to introduce those in its case in chief as the trial
12 progresses.

13 We understand that defense counsel may want to get out
14 ahead of that a little bit, but we don't think it is
15 appropriate to do that with this witness, particularly where
16 the top email or emails do not involve him, do not include him,
17 he is not a recipient witness to that, and the government
18 should be able to advance those exhibits through its case in
19 chief as it intends to.

20 A second category of exhibits are exhibits that
21 contain hearsay and for which we cannot identify any hearsay
22 exception. Defense counsel have filed letters. Mr. Archer has
23 filed letters offering up that several of his exhibits are
24 non-hearsay, they're not being offered for the truth of the
25 matter asserted. We can go through those one-by-one.

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1 Mr. Cooney's counsel has filed a letter saying that
2 many of those exhibits are relevant but not providing any
3 hearsay exception to why they should be admitted through this
4 witness during the government's case in chief.

5 We raise those to your Honor because we don't expect
6 that there is much left on direct examination, and we think
7 that to the extent defense counsel seeks to admit these
8 exhibits in their cross-examination, you should address those
9 issues before cross-examination begins.

10 THE COURT: First of all, have you spoken with defense
11 counsel?

12 MS. TEKEEI: By the time we spoke with them briefly
13 last week and we exchanged our exhibits, by the time we
14 received Ms. Notari's list of more than 50 exhibits yesterday
15 afternoon and had a chance to identify them and identify which
16 ones we would object to and wouldn't, we didn't have a chance
17 to engage back-and-forth with them, and we filed a letter with
18 the court so the court is aware we do have objections to some
19 of those exhibits.

20 THE COURT: In the future while you all are sitting
21 here in the morning, try to speak to each other and see if you
22 can resolve whatever issues can be resolved.

23 As to the first category of documents, the ones that
24 Mr. Anderson is not a party to, my understanding, based on what
25 you said, is that he was party to an email lower on the chain,

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1 but there is an attempt to introduce subsequent emails that he
2 is not on after that. Is that right?

3 MS. TEKEEI: It is in two parts, your Honor.

4 Yes, there are some of them where he appears on the
5 lower portions of the email chain, and then there are some in
6 which he doesn't appear at all, and they're principally
7 communications between Mr. Cooney, Mr. Archer and Jason
8 Galanis, for example.

9 MS. NOTARI: Your Honor, I am not cross-examining Mr.
10 Anderson until after this afternoon, so perhaps we can go
11 through this more carefully, but it is just what the government
12 is basically saying is that they're putting these exhibits into
13 evidence, but they don't want the defense to have the
14 opportunity to review Mr. Anderson's own comments in the
15 context of email threads that he is on.

16 I assure you he is part of these. They're not very
17 voluminous. There are probably two, and it is crucial to the
18 defense because it tells the narrative, it tells what he was
19 telling my client, what directions he was giving him.

20 As far as --

21 THE COURT: Let me stop you. With respect to emails
22 he is on, he is actually a party to, you're not trying to
23 exclude those, are you?

24 MS. NOTARI: Oh, yes, they are.

25 MS. TEKEEI: Your Honor, there are emails that the

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1 defense has marked where the top of the email is an e-mail from
2 Mr. Cooney forwarding those to other people.

3 THE COURT: You can redact the party?

4 MS. TEKEEI: They have not done so. Then separately
5 there are other emails that Mr. Anderson is on, but for which
6 there is no hearsay exception or non-hearsay reason provided
7 for introducing it through him.

8 THE COURT: Go ahead.

9 MS. NOTARI: No. First of all, these emails are going
10 to be as part of the government's, going to be in evidence so
11 it is not like the jury is not going to see them.

12 To the extent that I ask Mr. Anderson questions about
13 who he was emailing, what this was about, you know, who was on
14 this email, that this particular thread, you're talking if he
15 doesn't know, if he has no personal knowledge of, it is common
16 sense under the rule of completeness and telling this narrative
17 state of mind.

18 They want hearsay exceptions, but I can give you five.
19 There is business record, there is admitted for state of mind,
20 it is admitted because it tells a narrative, the rule of
21 completeness. This is just part of the core part of this
22 story. These are not irrelevant. This is a witness who is
23 drafting emails, and we're asking him questions about what he
24 was telling Mr. Cooney. It is just Trial 101.

25 THE COURT: For the exhibits that you're going to

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1 admit later in the case, do you want them to call Mr. Anderson
2 back?

3 MS. TEKEEI: If it is okay, let me give the court an
4 exhibit. Government Exhibit 1264, I have a copy if your Honor
5 would like to see it.

6 THE COURT: Sure.

7 MS. TEKEEI: The cover email is an email from
8 Mr. Galanis to Mr. Archer and Mr. Cooney, forwarding a memo
9 that Mr. Anderson had drafted. Now, they want to show Mr.
10 Anderson this cover email that he is not on and it is an email
11 that the government intends to introduce in its case in chief.

12 They're certainly welcome to ask him questions about
13 his drafting of the memorandum. There is no problem with that,
14 but they want to get out ahead of this email by showing it
15 first before we have had a chance to, that is simply not proper
16 for them to do.

17 MS. NOTARI: Quite frankly, I couldn't put the email
18 in without the cover sheet because that's what the government
19 exhibit is. Of course, I am going to go into the substance of
20 what he drafted and not the fact that this was forwarded to
21 Devon and Cooney. This is something that is proper argument.
22 The jury can read it later on. I am not going to go into the
23 cover letter and say did you know this was sent to Bevan Cooney
24 when obviously he didn't. I hope that --

25 THE COURT: Why don't you just make the memorandum a

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1 defense exhibit and not include the email portion in the front?

2 MS. NOTARI: At what point is this going to go to the
3 jury, this particular exhibit?

4 THE COURT: I believe, Ms. Tekeei, you said you don't
5 have an objection to them asking about the memorandum, but you
6 don't want the email portion?

7 MS. TEKEEI: Your Honor, they're welcome, yes, your
8 Honor, they're welcome to ask about the memorandum. This is
9 the government exhibit we intend to enter the --

10 THE COURT: I understand that. Do you have an
11 objection to the first page being redacted, the email portion
12 and then marking as a defense exhibit the memorandum?

13 MS. NOTARI: That is a lot of effort when we're not
14 publishing these exhibits to the jury today, are we?

15 MS. TEKEEI: Your Honor, we have no objection if they
16 want to mark what exhibits as defense exhibits. We asked them
17 to. Many of the defense exhibits are not marked with a defense
18 exhibit sticker at all. So if they wanted to mark that
19 memorandum and ask Mr. Anderson questions about it with this
20 particular memorandum, we don't have an objection to that.
21 What they've done instead is use our exhibits.

22 THE COURT: Mr. Schwartz.

23 MR. SCHWARTZ: There is literally no rule of evidence
24 that prohibits this. A witness does not have to have
25 first-hand knowledge of every piece of a document in order for

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1 that exhibit to come in through this witness. For example,
2 this document is not one I intend to offer, but one I intend to
3 offer, Defense Exhibit 4600 is subject to a stipulation between
4 the parties already.

5 There is no question about its authenticity. This
6 afternoon they're going to call a paralegal to start reading
7 emails into evidence. That paralegal doesn't know anything
8 about the content of those communications. That is why they're
9 going to call him or her.

10 To go through this pointless exercise of exacting
11 emails from their cover pages, I don't know why we would do
12 that when there is no rule of evidence that prohibits it. I
13 note also the government in their direct put in on this witness
14 a number of exhibits that are just like this.

15 They're communications between Mr. Anderson and
16 someone else that at the very top have been forwarded to
17 Mr. Archer and Mr. Cooney or someone else. That is, for
18 example, Government Exhibit 2027 and Government Exhibit 1220.
19 It is identical.

20 The witness either knows or doesn't know that it was
21 forwarded, but I can't locate any rule of evidence or any good
22 principle of trial management that suggests we should take
23 something everyone agrees is going to be an exhibit and break
24 it in half and artificially have to talk about the back half of
25 it especially because when we went through the painful process

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1 of reaching stipulations, the government repeatedly told us
2 they would refuse to do that and we could only put in
3 documents, attachments when they had their cover pages on, by
4 and large. I don't know why we're revisiting this now.

5 There is no gamesmanship here, no idea of trying to
6 get in front of some bad email. If Mr. Anderson was on a
7 communication, we want to ask him about it, all right? So DX
8 4600, which is the one I intend to use, it is a six-page email
9 chain, five and five, these pages are between Mr. Anderson and
10 other people.

11 At the very, very top Jason Galanis forwards the email
12 chain to Mr. Archer and Mr. Cooney without comment. I don't
13 know why I should have to redact that to use the exhibit with
14 him just so they can put in later a different version of the
15 same exhibit, and in closing I have to explain to the jury that
16 Mr. Anderson's testimony about DX 4600 is really the same thing
17 as testimony about GX whatever, whatever, and I have to put up
18 the two documents to prove to them that I'm telling the truth.

19 It is pointless. It is going to result in closings
20 that will take days and days and days, and there is no rule of
21 evidence that suggests it is required or appropriate.

22 MR. TOUGER: Your Honor, as far as 1264, there is no
23 argument Tim Anderson wrote the memo. I think that is agreed
24 upon by everybody. He wrote the memo. So why can't we
25 cross-examine him about the memo?

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1 Nobody is going to be -- if they're going to bring out
2 the cover page six hours from now or four hours from now, what
3 is the difference -- nobody is going to be cross-examining him,
4 at least I won't be crosses examining Mr. Tim Anderson over the
5 cover page. I will cross him he wrote this memo, and he wrote
6 that memo, and there is a reason he wrote the memo, and that is
7 all that will be the subject of cross-examination.

8 MS. TEKEEI: Your Honor, there is a potential
9 compromise situation where we don't have a problem with the
10 defense asking Mr. Anderson questions about the emails that he
11 is on and showing those emails to the jury. Obviously, the
12 emails that are exchanged between the defendants and with their
13 co-conspirators, the government is allowed to offer those in in
14 its case in chief and that is why it didn't redact those
15 emails.

16 If you notice going back, the government also did not
17 highlight those portions of the email for the jury in this
18 instance. We are fine if defense counsel want to ask questions
19 of Mr. Anderson about memos that he drafted or emails that he
20 is on, but we asked, and we think it is fair that they not
21 highlight then their defendants or their clients and
22 co-conspirator statements that are above those emails for the
23 jury since we intend to do that.

24 THE COURT: First of all, the jury is here. I will
25 tell you, look, as a technical matter, I agree with the

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1 government, but just in terms of trial management, I agree with
2 the defendants. I think it would be frankly silly to have the
3 defendants spend the time to redact and mark the very exhibits
4 there is no dispute are coming in in the government's case, but
5 you shouldn't be highlighting the portions that wouldn't
6 otherwise be admissible for the defendants to elicit.

7 If you're using, for example, Ms. Notari, 1264, you
8 should just be focusing on the memorandum and not the email
9 with Mr. Anderson, but I am going to let you use this exhibit
10 because otherwise I think it would be a pointless exercise and
11 we would keep the jury waiting.

12 Is that, Mr. Touger, you just --

13 MR. TOUGER: That is fine with me.

14 THE COURT: That is what you intend to do anyway?

15 MR. TOUGER: That is fine with me.

16 THE COURT: That way, and I agree with Mr. Schwartz on
17 this for the purposes of summation, the jury isn't going to
18 have two sets of the same things, which would be really
19 unnecessarily confusing. That is my ruling on that.

20 Is there anything else we need to talk about before we
21 can bring the jury in?

22 MR. TOUGER: Just two things.

23 THE COURT: I am sorry. Mr. Galanis, he is wearing a
24 neck brace. I apologize.

25 MR. TOUGER: I wanted to tell the court what happened

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1 on Thursday on the way home. Unfortunately, the mechanism of
2 keeping his wheelchair bolted into the floor didn't work
3 properly, and there was a short stop, and he went back over top
4 and he fell on his head and he was taken to the emergency room.

5 The problem with that is that Mr. Galanis, basically
6 his spine is put together by pins and needles, operated -- that
7 is a literal point that, so there was worry he might have
8 broken some of it. Operative procedures that were done. It
9 doesn't seem like that has happened. He probably did suffer a
10 concussion. We don't intend to wear this during trial because
11 I don't want the jury thinking we are trying to get extra
12 sympathy.

13 It is okay for him to do that, basically he wears it
14 when he is moving just in case, but I wanted to inform the
15 court that that occurred, and they haven't done any lower back
16 examination of him yet, so if the pain persists in his lower
17 back, that might become a problem because he had operations
18 there also. I wanted to inform the court of that.

19 THE COURT: Thanks you. I am sorry to hear that.

20 MR. TOUGER: The second thing, we are not getting
21 anything on our screens as far as the real time.

22 (Off-the-record discussion)

23 THE COURT: You indicated there is a hearsay objection
24 to other documents?

25 MS. TEKEEI: Yes. I will call the court's attention

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1 to Government Exhibit 1344 as one exhibit.

2 MR. TOUGER: I don't want to interrupt you. I wanted
3 to let the Marshals know they did handle the situation really
4 well. They brought him to the emergency room, and I want to
5 make sure that that --

6 THE COURT: Thank you. Yes.

7 MS. TEKEEI: Government Exhibit 1344, which is a
8 series of text messages between Mr. Galanis --

9 MS. NOTARI: That is me.

10 MS. TEKEEI: It is both Mr. Schwartz and Ms. Notari's
11 exhibit. Our point is that there are a series of text messages
12 here, some of which are entirely irrelevant, some of which are
13 hearsay as offered by the defendants.

14 We asked the defendants to identify for us what
15 portions of these series of text messages they would intend to
16 offer so we could consider what portions we have rather than go
17 through 60-page document. We asked Mr. Touger to let us know
18 if he objects to the other defendants entering these as
19 exhibits, and we haven't received additional clarity on that.

20 I will call the court's attention, for example, to one
21 instance of what appears to be a completely irrelevant text
22 text message. The bottom page, DP 18765, it is a picture of a
23 signpost that Mr. Galanis and Mr. Anderson have an exchange
24 about that is utterly irrelevant.

25 I would say that many of these text messages are also

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1 just in the manner of banter, a friendly banter and have no
2 relevance to the case and would be hearsay if offered by the
3 defendants. The government is not intending to offer these
4 text messages into evidence at this time.

5 MR. TOUGER: I say I don't intend to offer them, but I
6 have no objection if my co-counsel wanted to do that.

7 MR. SCHWARTZ: I do intend to offer them.

8 If the government is saying they withdraw this
9 exhibit, I am happy to cut it down to only have the portions
10 that I want, and I'll represent that every portion I want in is
11 for non-hearsay purpose. I am not trying to get into the truth
12 of any of this, although I suspect I don't agree with the
13 government about their view of relevance.

14 For example, I think friendly banter may be entirely
15 relevant. The sort of friendly banter Mr. Archer and Cooney
16 have been accused of here, they say is sinister, is exactly the
17 same sort of communications Mr. Anderson and Mr. Galanis engage
18 in, and it shows the way people do business with one another,
19 which is they make friends and they mirror with one another,
20 and they may express enthusiasm even though they have no idea
21 what the other person is talking about. That is a point I
22 intend to make through Mr. Anderson and through some of these
23 texts.

24 MS. TEKEEI: Perhaps he could mark the portions he
25 intends to offer and we could during a break take a look at

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1 those, your Honor. We are happy to look at them one-by-one.

2 THE COURT: Look, this is the problem with the system
3 we have set up now. We are going to spend hours every morning
4 and we're never going to be able to present evidence to the
5 jury and we'll have to meet a whole lot earlier every morning
6 if you aren't able to work together to try to figure this stuff
7 out in advance. I am happy to resolve these issues, but now we
8 kept the jury waiting for 15 minutes.

9 MR. TOUGER: Has the court made a decision on the
10 whole Gerova arrest?

11 THE COURT: I am ready to talk with you about that,
12 but I am wanting to do that during the lunch break. Can we
13 proceed with Mr. Anderson or are there other issues that need
14 to be decided beforehand?

15 MS. TEKEEI: We can. We'll take a moment during the
16 break and talk to defense counsel about the remaining issues
17 that there are, your Honor.

18 THE COURT: Thank you. All right.

19 MR. SCHWARTZ: Did your Honor say what time you intend
20 to take lunch?

21 THE COURT: I am open to whatever you all want to do,
22 so I would say we should probably go for an hour and a half,
23 maybe 1:15 if they works for everybody.

24 THE CLERK: I ordered their lunch for 1:00 o'clock.

25 THE COURT: Their lunch is ordered for 1:00, so

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1 somewhere between 1:00 and 1:15 let me know when is a good time
2 to stop.

3 MR. SCHWARTZ: One last thing. Logistically, I had
4 made the proposal to the government that when we want to use
5 government exhibits on cross, they could put them into evidence
6 so that they would retain their GX marking. I don't want to be
7 moving GX into evidence. Is that something you all intend to
8 do before you rest with this witness?

9 MS. TEKEEI: Do you want to just give me a list of the
10 ones that are the GX's? Thank you.

11 MR. SCHWARTZ: I think I have. I can do it again.

12 MS. NOTARI: Also, your Honor, does the government
13 have a problem if it is a government exhibit of them calling it
14 onto the screen, because it might be easier to do that.

15 MS. MERMELSTEIN: We are happy to pull these up for
16 defense counsel. I think it is hard to go back and forth, so
17 if they're going to intersperse defense exhibits for
18 impeachment materials we don't know about, it may be tough to
19 go back and forth, but we are happy to help.

20 THE COURT: Do one or the other. You should be
21 handling it, or is it Ms. Shinewald, ask her to do it for you.
22 Does that make sense? Are you okay with that?

23 MS. NOTARI: I don't want to task Ms. Shinewald of
24 putting in defense exhibits. That might be too complicated.
25 Just if it is a government exhibit. They actually have been

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1 putting it on the screen.

2 MS. MERMELSTEIN: My understanding of the courtroom
3 technology, you have to go back-and-forth. There is only one
4 kind of thing.

5 THE COURT: We have ordered another system. It will
6 take some time.

7 MS. MERMELSTEIN: Even that system is there you have
8 to toggle the controls. We are happy to do whatever makes
9 everyone's life easier, but --

10 THE COURT: It will take more time if you go back and
11 forth.

12 (Jury present)

13 THE COURT: Good morning, everyone.

14 THE JURY: Good morning.

15 THE COURT: I hope you had a nice weekend. Sorry to
16 keep you waiting this morning. I assure you we were working in
17 here. Please be seated. Mr. Anderson, come on up. Thank you.

18 TIMOTHY ANDERSON,

19 called as a witness by the Government,

20 having been duly sworn, testified as follows:

21 DIRECT EXAMINATION (Continued)

22 THE COURT: I remind you, sir, you're still under
23 oath.

24 BY MS. TEKEEI:

25 Q. Good morning.

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1 A. Good morning.

2 Q. Mr. Anderson, focusing your attention on the fall of 2014,
3 did there come a time when you visited the Pine Ridge
4 Reservation?

5 A. Yes.

6 Q. Approximately when was that?

7 A. That was in the middle of November 2014.

8 Q. What was the purpose of your visit?

9 A. The purpose of the visit was to attend a groundbreaking
10 ceremony for the project, financed by the bonds.

11 Q. I am sorry. What do you mean by a groundbreaking ceremony?

12 A. The location where the warehouse was to be located, they
13 had cleared the land and there was one of those ceremonies
14 where people have shovels and some people say nice things and
15 they take a picture and try to break ground on the project or
16 the construction portion of the project.

17 Q. Who was present for that groundbreaking ceremony?

18 A. Representatives of Wakpamni, the developer, myself,
19 Wakpamni's legal counsel and a few other people.

20 Q. Were they able to break ground and begin building then?

21 A. They were not.

22 Q. Why not?

23 A. I learned that South Dakota in November gets very cold, and
24 it was 17 degrees, and with the wind chill it was approximately
25 zero and the ground was frozen. The shovel cannot actually

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1 break ground, but they took a picture.

2 Q. Did there come a time when they were able to begin
3 constructing the warehouse?

4 A. Yes.

5 Q. Now, at the time, at this time in late 2014, did you have
6 any knowledge as to whether the money from the August 2014
7 series of bonds had been put in an annuity?

8 A. It was my understanding that it had.

9 Q. At that time did you have any knowledge of whether the
10 money from the bonds that were purchased during the second
11 series of issuances by Rosemont Seneca Bohai and Bevan Cooney
12 had been put into an annuity as required?

13 A. It was my understanding that it had.

14 Q. Did there come a time when you learned about plans for
15 another issuance of Wakpamni Lake Community Center bonds,
16 community corporation bonds?

17 A. Yes, in April of 2015.

18 Q. How did you learn about that?

19 A. I received a phone call and correspondence from both Yanni
20 Galanis and Jason Galanis.

21 Q. Can you describe the conversation or conversations that you
22 had with Yanni Galanis.

23 A. Yes. There was a third deal, I learned again from Jason
24 and Yanni, and the discussion was it was a third deal to raise
25 money to fund the projects that would be the, the businesses

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1 that would be located in the commercial warehouse.

2 Q. What sorts of businesses?

3 A. Distribution businesses relating to things along the lines
4 you would find in a casino, so television sets and alcohol,
5 wine, tables all that sort of stuff, supplier to casinos.

6 Q. What, if anything, did Mr. Yanni Galanis tell you about who
7 would be the investor or investors in this next series of
8 bonds?

9 A. Nothing at that time.

10 Q. Did you have any understanding of who would be the investor
11 or investors in this series of bonds?

12 A. I came to learn it was going to be Atlantic Asset
13 Management as an investment manager.

14 Q. At the time did you have any understanding of who owned
15 Atlantic Asset Management?

16 A. I did not.

17 Q. Okay. Mr. Anderson, you'll see that binder in front of you
18 that we had last week. If you could turn to Government Exhibit
19 1365. Do you recognize this email?

20 A. Yes.

21 Q. Directing your attention -- well, who is it from?

22 A. That is from Yanni Galanis.

23 Q. Who is on the CC line?

24 A. Jason at holmbycompanies dot com.

25 Q. If you could just remind us who is Jason at holmbycompanies

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1 dot com?

2 A. Jason Galanis.

3 Q. Who is Steven at Haines Investments dot net?

4 A. He is the developer for the first two projects.

5 Q. What is the subject line of this email?

6 A. Soft final on 3rd.

7 Q. What is attached here?

8 A. WLCC third tranche soft final Version 1.

9 Q. Please, sir, turn to the attachment. Can you describe what
10 is this document.

11 A. This is a draft of a preliminary placement memorandum for
12 the bonds.

13 Q. What is that?

14 A. That is a marketing document provided to potential
15 investors in the bonds that describes the project, who the
16 issuer is, what the project is and various other items.

17 Q. If I could just direct your attention to the title of the
18 document, I think you said preliminary, but just to be clear,
19 can you please read the title of the first page for the jury.

20 A. Yes, "Private supplemental memorandum, dated April 1,
21 2015."

22 Q. Do you have any knowledge as to whether this memorandum was
23 ever finalized?

24 A. No.

25 Q. As to whether any version of it was distributed to the

I5TJGAL1

Anderson - direct

1 investors who would potentially be purchasing the bonds?

2 A. A draft was provided to Atlantic Asset Management.

3 Q. Who provided that draft?

4 A. I did.

5 Q. To whom did you provide it?

6 A. Michelle Morton at Atlantic Asset.

7 Q. Why did you provide it to Michelle Morton?

8 A. At her request.

9 Q. Who is Michelle Morton?

10 A. Michelle Morton was the decision-maker on the bonds, the
11 first series of bonds and the third series of bonds for the
12 investors.

13 Q. I'd like to direct your attention to Pages 12 and 13 of
14 this document.

15 A. Okay.

16 Q. Do you see the heading the annuity and insurance provider?

17 A. I do.

18 Q. If you could go ahead and turn to the next page.

19 A. Okay.

20 (Continued on next page)

I5T7GAL2

Anderson - direct

1 BY MS. TEKEEI:

2 Q. If I could ask you to read the sentence just above the
3 investment consideration section, the sentence that begins with
4 "In addition"?

5 A. "In addition, certain officers and directors of the
6 placement agent are affiliated with the insurance provider."

7 Q. What is your understanding of what that means?

8 A. My understanding is that relates to the role of Hugh
9 Dunkerley as the director of Burnham as well as the director on
10 the board of directors of Wealth Assurance.

11 Q. Do you know whether that particular relationship was
12 disclosed to the ultimate investor in the third series of bond
13 issuance?

14 A. I do not.

15 Q. And if you could just describe, sir, what is -- you said
16 this was a draft. What is the typical process by which a
17 private placement memorandum or this private placement
18 memorandum would be finalized?

19 A. So, in order to finalize the draft along these lines, all
20 the parties that are referenced in the document would review it
21 for accuracy, meaning that the issuer of the bonds would have
22 reviewed it, their counsel would have reviewed it and have
23 signed off on it, the trustee bank would have reviewed the
24 portions related to them, the attorneys would have provided the
25 exhibits that are appendix A and B, I believe; and in fact the

I5T7GAL2

Anderson - direct

1 issuer would have taken the memoranda before their board for
2 approval. So really all the parties would have weighed in on
3 the various provisions of it until it was deemed final.

4 Q. Was that done with respect to this draft?

5 A. Not to my knowledge, no.

6 Q. Was this third series of bonds that was contemplated, was
7 it ever issued?

8 A. It was.

9 Q. Approximately when?

10 A. In mid to late April.

11 Q. I would like to show you a series of documents that are in
12 your binder, Government's Exhibits 208, 202, 212, 217 and 263.

13 Do you recognize these documents?

14 A. I do.

15 Q. Generally speaking what are they?

16 A. They are the core documents for the third bond issue,
17 namely the indenture, the annuity contract, the placement
18 agency agreement, the closing statement and the investor/big
19 boy letter.

20 Q. Now, with respect to the third series of bond issuances,
21 was it the same issuer as the prior two series?

22 A. It was.

23 Q. Same placement agent?

24 A. Yes.

25 Q. Same trustee?

I5T7GAL2

Anderson - direct

1 A. Yes.

2 Q. Same annuity?

3 A. Yes.

4 Q. What were the differences, if any, between -- generally
5 between this bond issuance and the prior two bond issuances?

6 A. The project for which the money could be spent -- again
7 this was to fund businesses that were going to be in the
8 warehouse, where as the other projects were the building of the
9 warehouse and the building of the town center -- there are
10 differences in amounts, dates of repayment, things along those
11 lines, but substantially the same.

12 Q. Now, directing your attention to Government Exhibit 217,
13 what is this document?

14 A. This is the closing statement for the third deal.

15 Q. And what is supposed to happen to the flow of money at the
16 close of this third deal?

17 A. Well, on appendix C there were a total of \$16.2 million in
18 proceeds from the sale of the bonds, and the flow of funds,
19 \$350,000 was to go to pay the various issuance cost, and
20 \$15,850,000 was to go for the annuity purchase payment.

21 Q. How much debt did the Wakpamni Lake Community Corporation
22 incur as a result of this series of bonds?

23 A. \$16.2 million.

24 Q. Now, was there a portion of this series of bonds that was
25 not sold?

I5T7GAL2

Anderson - direct

1 A. Initially the plan was for this issue to be 20 million.

2 Q. What happened?

3 A. The \$3.8 million piece was not sold.

4 Q. Can you describe the circumstances of that.

5 A. Yes. We had a closing date, a date was set for closing,
6 and on the date of closing only \$16.2 million was raised, was
7 actually paid in, so there was a piece that was not paid in.
8 At that point the bond transaction itself was reduced to 16.2
9 million.

10 Q. Did Dilworth Paxson, your former law firm, issue an opinion
11 letter with respect to this third series of bonds?

12 A. Yes.

13 Q. And what was that opinion letter based on?

14 A. Based upon the statements of the various parties and the
15 bond documents, what they were going to undertake, how the
16 money was to flow, what their different responsibilities were
17 under the contract.

18 Q. Approximately how much money did Dilworth Paxson receive as
19 a result of its work on the Wakpamni Lake Community Corporation
20 bond?

21 A. All three?

22 Q. Yes?

23 A. Approximately \$250,000.

24 Q. Do you still work at Dilworth Paxson?

25 A. I do not.

I5T7GAL2

Anderson - direct

1 Q. When did you leave?

2 A. I left in February 2016.

3 Q. Why did you leave?

4 A. I had another job opportunity that looked promising for me.

5 Q. And what was that opportunity?

6 A. At another law firm in Philadelphia, Dinsmore & Shohl.

7 Q. Is that the law firm where you currently work?

8 A. Yes.

9 Q. OK. Now, I think last week you mentioned other deals that
10 you discussed with Mr. Galanis. Can you describe what other
11 deals Yanni Galanis discussed with you or tried to bring about
12 with Burnham?

13 A. Yes. There was one deal relating to propane, and that was
14 to be a cooperative of -- so a number of tribes that were going
15 to ban together to purchase propane, and propane for that part
16 of the country, South Dakota, North Dakota, Montana and the
17 like, that's the primary source of heating on some of these
18 reservations which are pretty remote. And there was another
19 deal relating to medical clinics as well.

20 Q. Over what period of time did you discuss these projects
21 with Mr. Yanni Galanis?

22 A. You mean the propane and medical clinics?

23 Q. Yes.

24 A. Approximately December 2014 through January/February of
25 2016.

I5T7GAL2

Anderson - direct

1 Q. How would you describe the nature of your relationship with
2 Mr. Galanis?

3 A. Good, friendly.

4 Q. Going back to the propane deal, who are the parties
5 involved in the propane deal in the summer of 2015?

6 A. They were -- Burnham was involved. An investment bank by
7 the name of Bonwick Capital was involved. U.S. Bank was
8 involved. I was involved. A law firm Greenberg Traurig was
9 involved, Wakpamni was involved, as well as a number of other
10 tribes. The entity that the tribes were members of was the
11 Tribal Infrastructure Development Cooperative, so they were
12 involved. And the Public Finance Authority, which is a
13 Wisconsin entity, was involved as well.

14 Q. You mentioned Bonwick Capital.

15 A. They are an investment bank similar to Burnham.

16 Q. At the time, what if any understanding did you have of the
17 relationship between Bonwick Capital and Burnham?

18 A. That Burnham was an investor in Bonwick.

19 Q. Was the propane deal ever completed?

20 A. It was not.

21 Q. Now, going back to the Wakpamni Community Corporation bond
22 issuances, were there any issues with respect to annuity
23 payments to the Wakpamni Lake Community Corporation?

24 A. There were.

25 Q. What were some of those issues?

I5T7GAL2

Anderson - direct

1 A. Well, initially after the second bond issue, the provisions
2 of the second bond issue provided that the payment that would
3 go to the project for the town center would be received in the
4 summer of 2015, the rationale being that the funds weren't
5 needed until they got the other project started, and the ground
6 gets frozen pretty early on, the thaw is pretty late, so they
7 weren't to receive the funds until the summer of 2015. And as
8 the summer of 2015 approached, the funds were not received, and
9 there was a discussion of why that was the case, and
10 representatives of the annuity stated that the money was there,
11 they were ready to pay it out, however, a formal request had to
12 be made in writing. Once the formal request was made, it would
13 be 90 days.

14 Q. Who were those representatives you are referring to?

15 A. They were Hugh Dunkerley, Jason Galanis and Yanni Galanis.

16 Q. So was that annuity payment ever made to the Wakpamni Lake
17 Community Corporation?

18 A. It never was ultimately made, to my understanding.

19 Q. Did there come a time when -- well, let me back up for just
20 a moment. You had mentioned a medical clinic earlier as one of
21 the potential transactions you discussed with Mr. Yanni
22 Galanis.

23 A. Yes.

24 Q. Did that transaction ever come to fruition?

25 A. It did not.

I5T7GAL2

Anderson - direct

1 Q. Now, were there ever any issues with respect to the
2 mandated interest payments to investors on the Wakpamni Lake
3 Community Corporation bonds?

4 A. Yes.

5 Q. And what were some of those issues?

6 A. The first interest payment was to be made on the
7 anniversary -- well, each anniversary of each bond issue. And
8 the first anniversary came around for the first bond issue, and
9 the money -- we received a communication from the U.S. Bank
10 that the money had not been received as of the time of the
11 indenture provided. Those funds eventually came in, however,
12 they were late. And subsequently on the second bond issue the
13 same thing occurred, the money came in late, the payment for
14 the bond issue.

15 Q. Did there come a time when the mandated annuity payments to
16 the Wakpamni Lake Community Corporation stopped being made?

17 A. Yes.

18 Q. And how about the mandated interest payments to the
19 investors, did there come a time when those payments stopped
20 being made?

21 A. Yes.

22 MS. TEKEEI: Your Honor, I would just like to take a
23 moment to offer some exhibits into evidence.

24 THE COURT: Yes, go ahead.

25 MS. TEKEEI: Government's Exhibits 1334, 1336, 1338,

I5T7GAL2

Anderson - direct

1 1346, 766 and 777.

2 Q. Mr. Anderson, were any interest payments made to the
3 Wakpamni Lake Community Corporation in the year 2016? I'm
4 sorry. Annuity payments. Were any annuity payments made to
5 the Wakpamni Lake Community Corporation in the year 2016?

6 A. Not that I am aware of.

7 Q. How about the year 2017?

8 A. No.

9 Q. How about this year to date?

10 A. Not to my knowledge.

11 Q. Were any interest payments made to the investors in the
12 Wakpamni Lake Community Corporation bonds in the year 2016?

13 A. No.

14 Q. How about the year 2017?

15 A. No.

16 Q. And how about this year to date?

17 A. Not to my knowledge, no.

18 MS. TEKEEI: Thank you, your Honor. No further
19 questions at this time.

20 MR. SCHWARTZ: There is no objection to the exhibits.
21 We ask that they be received.

22 THE COURT: All right, they are received. Thank you.
23 Cross-examination.

24 (Government Exhibits 1334, 1336, 1338, 1346, 766 and
25 777 received in evidence)

I5T7GAL2

Anderson - Cross

1 CROSS EXAMINATION

2 BY MR. TOUGER:

3 Q. Good afternoon, Mr. Anderson.

4 A. Good afternoon.

5 Q. My name is David Touger, and I represent John Galanis who
6 you knew as Yanni. Correct?

7 A. Yes.

8 Q. Same person?

9 A. Same person.

10 Q. No doubt about that, right?

11 A. That's right.

12 Q. And Yanni is just a Greek name for John, right, as far as
13 you know?

14 A. I presume, yes.

15 Q. I just want to go back a little bit in time to when you
16 went to school.

17 A. Sure.

18 Q. I believe you said you went to Fordham University?

19 A. I did.

20 Q. And what did you major in at Fordham University?

21 A. Political science.

22 Q. Didn't use it that much?

23 A. And classics. And I used classics even less.

24 Q. And then you went on to law school?

25 A. Yes.

I5T7GAL2

Anderson - Cross

1 Q. And you graduated from Vermont Law School?

2 A. I did.

3 Q. From there you also said you had a master's in tax law?

4 A. Correct.

5 Q. So you know the tax law pretty well.

6 A. Pretty well.

7 Q. And corporate, mostly in the corporate realm?

8 A. Mostly, yes.

9 Q. And would you consider yourself sort of a legal expert on
10 corporate tax law?

11 A. Certain divisions of it.

12 Q. And what type of classes was in that tax program?

13 A. Well, local real estate, general overview of corporate tax
14 law, property tax, along those lines.

15 Q. And did you do bond work?

16 A. Yes.

17 Q. So you studied bonds back when you were doing this masters
18 program, correct?

19 A. To a degree, yes.

20 Q. And you also took some securities law, I would assume, in
21 law school also.

22 A. Yes.

23 Q. And municipal government is sort of a specialty for you?

24 A. It is.

25 Q. And you've done Indian bond deals before this one, correct?

I5T7GAL2

Anderson - Cross

1 A. I have.

2 Q. I believe you said on direct five to ten?

3 A. Yes.

4 Q. So you are pretty well acquainted with Indian bond deals
5 also?

6 A. Of a type, I believe so, yes.

7 Q. And what type of bond deals have you done prior to this
8 one?

9 A. I had worked on a bond issue wherein the tribe funded land
10 that had been part of the reservation at one point, and they
11 were able to purchase that land back, 20 some thousand acres
12 for the buffalo herd.

13 Q. What tribe was that?

14 A. That is the Cheyenne River Sioux Tribe, also in South
15 Dakota.

16 Q. Not related at all to the WLCC?

17 A. No, there are six or seven Sioux tribes.

18 Q. And then you went to work at some point with Dilworth
19 Paxson, correct?

20 A. Yes.

21 Q. Did you go to Dilworth Paxson when in your legal career?

22 A. I went to Dilworth Paxson in 2012, so it would have been
23 13th or 14th year.

24 Q. What did you do prior to that? What was your legal
25 experience prior to that?

I5T7GAL2

Anderson - Cross

1 A. The same.

2 Q. Same type of corporate practice?

3 A. Correct, economic development, bonds, tax.

4 Q. And would you agree with me that the firm Dilworth Paxson
5 was founded in 1933?

6 A. That sounds correct to me.

7 Q. And how many attorneys did they have working for them in
8 2014?

9 A. Approximately 120.

10 Q. It's a big law firm?

11 A. It is.

12 Q. There were attorneys, paralegals, office staff, everything
13 a big law firm has at its disposal.

14 A. Correct.

15 Q. And how many different cities did Dilworth Paxson have
16 offices in, if any?

17 A. I don't recall offhand, but it was from New York down
18 through D.C.; New Jersey; Harrisburg, Pennsylvania; Delaware.

19 Q. Again, it was a very large firm that's on the East Coast of
20 the United States.

21 A. Yes.

22 Q. And can we agree that the firm Dilworth Paxson represents
23 many different kinds of clients?

24 A. Yes.

25 Q. From Fortune 500 companies to individuals.

I5T7GAL2

Anderson - Cross

1 A. I would agree.

2 Q. And they represent -- they represent Native American
3 entities also, correct?

4 A. While I was there, yes.

5 Q. Yes, I'm saying while you were there, you weren't the only
6 one working on Native American entities, correct?

7 A. That's fair, yes.

8 Q. And I looked at the website of Dilworth Paxson. Would you
9 agree with me that they say on their website that they have a
10 tradition of legal excellence? Would you agree with that?

11 A. I haven't looked at their website for a while, but I would
12 agree they do.

13 Q. I'm asking do you believe they have tradition of legal
14 excellence at the firm.

15 A. Yes.

16 Q. And they have clients that are many different areas of
17 corporate work, correct?

18 A. Correct.

19 Q. And there are many different types of corporate work,
20 right? You couldn't even begin to list them, could you?

21 A. No.

22 Q. But Dilworth Paxson as a firm could cover almost any
23 corporate problem a corporation would have, correct?

24 A. I think so.

25 Q. Now, and would you agree with me also that in 2014

I5T7GAL2

Anderson - Cross

1 Dilworth's attorneys were named Pennsylvania super lawyers and
2 rising stars?

3 A. I don't know. I wouldn't be surprised, but I don't know.

4 Q. And in November 2014 U.S. News put them on their best law
5 firms of 2015.

6 A. I don't know.

7 Q. But you wouldn't be surprised if that happened either?

8 A. I would not be surprised.

9 Q. Now, also you attended this Native American conference in
10 Las Vegas prior to 2014, right?

11 A. Yes.

12 Q. And how many times prior to 2014 did you attend this
13 conference?

14 A. I believe at least three or four times prior.

15 Q. And you would go there because you had Native American
16 clients?

17 A. I did, yes.

18 Q. And you would also go there to recruit new work, correct?

19 A. Correct.

20 Q. It was sort of an income-generating visit.

21 A. That was the goal, yes.

22 Q. And in March of 2014 was the conference that is relative to
23 this case, right?

24 A. Yes.

25 Q. And that was in mid-March?

I5T7GAL2

Anderson - Cross

1 A. Yes.

2 Q. You don't remember the exact date?

3 A. Mid or early, somewhere in there.

4 Q. And you attended that conference for reasons that had
5 nothing to do with this case at all, right?

6 A. Correct.

7 Q. You were going no matter what.

8 A. Correct.

9 Q. And again you were going to stay in touch with old clients
10 and try to find some new clients.

11 A. That's right.

12 Q. And the firm paid for your visit to go there, right?

13 A. Correct.

14 Q. Now, there was a man there named Raycen Raines, right?

15 A. There was.

16 Q. And you had known Raycen Raines prior to your attending
17 that conference, right?

18 A. Yes.

19 Q. As a matter of fact, you had done work with him before.

20 A. I had.

21 Q. And he did not invite you to come to that conference.

22 A. The entire conference?

23 Q. Right.

24 A. No, I don't believe so.

25 Q. It wasn't on his invitation that you went to the

I5T7GAL2

Anderson - Cross

1 conference.

2 A. That's correct.

3 Q. And do you know a woman named Geneva Lonehill?

4 A. At that time?

5 Q. Yes.

6 A. No.

7 Q. Did you get to know a woman named Geneva Lonehill?

8 A. I did.

9 Q. Who is Geneva Lonehill?

10 A. She is the president or chair woman of Wakpamni Lake
11 Community Corporation.

12 Q. And she is also president of the Wakpamni Lake Community,
13 right?

14 A. I believe so, yes, she was.

15 Q. Those are two different titles, right?

16 A. They are.

17 Q. And for two different organizations.

18 A. Wakpamni Lake Community Corporation my understanding is
19 it's a subsidiary agency of Wakpamni Lake Company or
20 Corporation -- Community. Sorry.

21 Q. We will call it the WLCC so we don't have to go through
22 that tongue twister every time.

23 A. That would make it easier.

24 Q. The WLCC was set up by the Wakpamni Lake Community, right?

25 A. That's my understanding, yes.

I5T7GAL2

Anderson - Cross

1 Q. And it was set up as a corporation for the community.

2 A. Correct.

3 Q. And it was set up separate and distinct from the Wakpamni
4 Community.

5 A. Correct.

6 Q. And it was set up as a holding company to explore business
7 opportunities for the Wakpamni Lake Community.

8 A. That's correct.

9 Q. And the Wakpamni Lake Community is part of the Wakpamni
10 district, right?

11 A. That's my understanding.

12 Q. And Wakpamni district has six communities inside of it, one
13 of which being the Wakpamni Lake Community.

14 A. I don't know if there are six, but there are others.

15 Q. There are others, right? And the Wakpamni district
16 entailed is one of nine districts of the Oglala Sioux Tribe,
17 right?

18 A. I don't know if there is nine, but it is a district of the
19 tribe.

20 Q. And would I be correct in saying that there are no
21 contracts between the WLCC and the district, the Wakpamni
22 district -- the WLCC is connected to the Wakpamni Lake
23 Community.

24 A. I don't know.

25 Q. And the Wakpamni Lake Community though created the WLCC.

I5T7GAL2

Anderson - Cross

1 A. That's my understanding, um-hum.

2 Q. And you worked for the WLCC before, before March of 2014?

3 A. The corporation, yes.

4 Q. The corporation itself?

5 A. Correct.

6 Q. And would I also be correct in saying that if the WLCC
7 creates any profits, that goes to Wakpamni Lake Community?

8 A. That would seem correct, yes.

9 Q. And would I also be correct in saying that the Oglala Sioux
10 Tribe receives nothing from the WLCC?

11 A. I don't know. I don't know their arrangement.

12 Q. OK. Are you aware of the conflict between the Oglala Sioux
13 Tribe counsel and the WLCC?

14 A. No. I understand there are some politics there, but I am
15 not aware of the specifics of any conflict.

16 Q. You're not aware that the fact that the WLCC has been
17 involved in online lending, that that has caused a conflict
18 with the Oglala Sioux Tribe?

19 MS. TEKEEI: Objection.

20 THE COURT: Just if he is aware of it. Overruled.

21 Q. Do you want me to repeat the question?

22 A. Yes, please.

23 Q. Are you aware that there is a conflict between the WLCC and
24 the Oglala Sioux Tribe Council because the WLCC is involved in
25 online lending?

I5T7GAL2

Anderson - Cross

1 A. I am not.

2 Q. You do know that the WLCC is involved in online lending
3 though.

4 A. I do.

5 Q. And what is another word for online lending?

6 MS. TEKEEI: Objection. Your Honor, can we have a
7 sidebar?

8 THE COURT: We can have a sidebar.

9 (Continued on next page)

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I5T7GAL2

Anderson - Cross

1 (At the side bar)

2 MR. TOUGER: Your Honor, I'm not going to bring out
3 any argument that it is illegal or anything like that, if that
4 is what the government is worried about. I just want to
5 establish that the WLCC has a pay day loan business.

6 THE COURT: And why does that matter? Why is that
7 relevant?

8 MR. TOUGER: It will matter when Mr. Raines takes the
9 stand and Ms. Lonehill takes the stand. I just wanted to see
10 if he knew that they were doing this operation.

11 MS. MERMELSTEIN: Well, I think this was precluded
12 from your Honor's ruling. We had this fight about whether or
13 not there was going to be a conversation about pay day lending.
14 The government said it shouldn't be discussed at all. I mean
15 now -- I don't know what the last question you just asked was,
16 is there another name for it, but he is clearly trying to
17 suggest that it's kind of an ugly business, number one.

18 Number two, my understanding of your Honor's ruling
19 was that if Mr. Touger had a good faith basis to ask Mr. Raines
20 about whether or not Mr. Raines had done anything wrong in
21 connection with pay day lending, based on allegations on the
22 Internet that there were disgruntled investors or borrowers,
23 that that would be a proper ground for cross-examination. And,
24 frankly, it was an issue we intended to revisit because I think
25 the foundation he is suggesting he has for asking those

I5T7GAL2

Anderson - Cross

1 questions is wrong, but this isn't Mr. Raines testifying, and
2 so it never occurred to us pay day lending was going to come up
3 now. Can I finish?

4 The notion that there is somehow a relevance to a
5 political dispute between the Oglala Sioux about whether or not
6 they wanted to be involved in pay day lending is wholly
7 irrelevant, and it's an attempt to improperly besmirch the
8 activities the WLCC. There is no other reason for asking these
9 questions, and they should not be allowed.

10 MR. TOUGER: That's entirely not true. First of all,
11 your Honor, all I'm bringing out from this witness is that WLCC
12 had other witnesses, one of them being online lending, pay day
13 loans.

14 Two, the relevance of this is that it shows that their
15 argument that the Oglala Sioux Indians themselves, Native
16 Americans themselves, suffered is totally ridiculous, because
17 the Oglala Sioux had made sure that they had no relationship
18 with the WLCC, and had no intent to take any money from the
19 WLCC, and had totally brought actions against the WLCC.

20 It has nothing to do that pay day loans or online lend
21 something illegal. It is legal as far as they're concerned,
22 and I have no reason to object to that. That's not the
23 question that's being brought out.

24 The question that's being brought out with this
25 witness only -- and that's all I think we need to discuss right

I5T7GAL2

Anderson - Cross

1 now -- is the WLCC had other busies, and one of those other
2 businesses was online lending, which is also known as pay day
3 loans. That's all I was going to, and I was moving on.

4 MS. MERMELSTEIN: I think there should be no further
5 questioning on this topic period with this witness.

6 THE COURT: Why don't you move on. It seems like you
7 got out what you wanted to get out, so why don't we move on,
8 and then we will revisit it before Raines.

9 (Continued on next page)

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I5T7GAL2

Anderson - Cross

1 BY MR. TOUGER:

2 Q. Moving on to Mr. Raines and his relationship with the WLCC.
3 He is the business consultant for the WLCC.

4 A. I believe his title is executive director.

5 Q. Can you just speak a little bit louder.

6 A. Oh, sure. It's my understanding at the time he was
7 executive director. I don't know what his role is now.

8 Q. He was an employee of the WLCC?

9 A. Right.

10 Q. And are you aware that he is to be paid a percentage of the
11 profits of the WLCC?

12 A. No.

13 Q. You're not aware, or he is not?

14 A. I am not aware.

15 Q. And would I also be -- if you know -- correct in saying
16 that Mr. Raines had a municipal corporate background?

17 A. I don't know.

18 Q. OK. Now, taking you back in time to April 2014. OK? At
19 that time Mr. Raines had discussions with you about bringing a
20 fire station on the reservation, correct?

21 A. I recall a conversation about a fire station. I don't know
22 if it was April, but I have no reason to believe it wasn't
23 April.

24 Q. Sometime around that time period you had conversations with
25 Mr. Raines about a fire station being put on the reservation,

I5T7GAL2

Anderson - Cross

1 correct?

2 A. Yes.

3 Q. And had he told you that he wanted to discuss that issue
4 with you at the convention if he saw you?

5 A. I don't know. I don't know. I don't recall.

6 Q. Now, you also know a person named Steven Haynes, right?

7 A. I do.

8 Q. And who is Steven Haynes?

9 A. Steven Haynes is a developer in, among other things, Indian
10 country.

11 Q. And would I be correct in saying that you had worked with
12 Steven Haynes on prior deals involving Native American
13 financing?

14 A. Yes.

15 Q. And would I be correct in saying that you also first met
16 Steven Haynes somewhere around the 2010, 2011 period?

17 A. I think it was earlier than that. I think it was 2009
18 maybe, but 2009, 2010.

19 Q. But you had known him for quite many years back in 2014.

20 A. That's correct.

21 Q. And Mr. Haynes had done a lot of work with Native Americans
22 including casinos. I believe he was involved in 30 or 40
23 different deals with casinos?

24 A. I believe that's correct, yes.

25 Q. And a windmill project?

I5T7GAL2

Anderson - Cross

1 A. Again I believe that's correct.

2 Q. Slot machines?

3 A. Correct.

4 Q. Coal?

5 A. I believe so, yeah.

6 Q. Online lending business, right?

7 A. I believe so, yes.

8 Q. And it was Mr. Haynes who called you and told you that he
9 wanted you to meet with some people down in the lobby, right?

10 A. Correct.

11 Q. That call did not come prior to you going to Las Vegas.

12 A. No, no, I was in Las Vegas when I got that call.

13 Q. So when you got that call, it had nothing to do again with
14 you taking the trip to Las Vegas?

15 A. Right.

16 Q. And you got the call, and you simultaneously or thereabouts
17 went down to the lobby to meet who he wanted you to meet.

18 A. Well, I wasn't in that hotel. I was somewhere else. But I
19 met at the location that was discussed.

20 Q. Right. But I'm trying to bring out that you got a call one
21 morning, and you went to the place to get have that meeting.

22 A. That's correct.

23 Q. It wasn't a prearranged meeting.

24 A. That's right.

25 Q. And would I be also correct in saying that it wasn't in

I5T7GAL2

Anderson - Cross

1 anybody's hotel room; it was in the lobby of one of the hotels?

2 A. That's correct.

3 Q. And I would assume you don't remember which one?

4 A. I believe it was The Four Seasons.

5 Q. Very good. And would I be correct in saying that one of
6 the things he wanted to discuss that day was his idea to set up
7 a winery with a Native American tribe in northern California.

8 A. Excuse me. Who is the he?

9 Q. Steven Haynes.

10 A. That's not how I recall sort of the events, how they played
11 out. I'm happy to explain it to you.

12 Q. Let me ask you this question. When he had the phone call
13 with you, had you spoken to him prior to that since you had
14 come to Las Vegas?

15 A. Yes, um-hum.

16 Q. And was there any discussion about this winery deal at that
17 time?

18 A. I don't recall.

19 Q. And was there any discussion about alcohol distribution to
20 Native American casinos?

21 A. There was.

22 Q. That, you had had discussions with him prior to the
23 meeting.

24 A. Correct, correct.

25 Q. And was it your idea -- was it your thought that that was

I5T7GAL2

Anderson - Cross

1 what you would be discussing -- one of the topics you would be
2 discussing at that meeting?

3 A. The topic to be discussed was the winery project.

4 Q. At the meeting.

5 A. At the meeting, yes.

6 Q. And the winery, the topic, was going to distribute wine or
7 alcohol to Native American casinos, correct?

8 A. Correct.

9 Q. Now, do you know a man named Pete Shannon?

10 A. I do.

11 Q. And is Steven Haynes -- had Steven Haynes worked with Pete
12 Shannon on certain deals before?

13 A. Not that I am aware of.

14 Q. But you do know Pete Shannon?

15 A. I met him --

16 Q. Let me withdraw that question and ask you this.

17 When you went to Vegas in 2014 did you know Pete
18 Shannon?

19 A. I never met him, but there were a number of e-mails from
20 him with respect to Raycen and some projects they were looking
21 at.

22 Q. What were those projects, if you remember?

23 A. At least one was a project called Affineon which was a
24 light bulb project of some sort.

25 Q. Light bulb?

I5T7GAL2

Anderson - Cross

1 A. Yes.

2 Q. So, if I understand what you're saying, is you never met
3 Pete Shannon but you had e-mailed with him?

4 A. I was on e-mails with him.

5 Q. And did you ever speak to him on the telephone?

6 A. At that time, I don't believe so.

7 Q. Did you ever do any investigation into finding out who Pete
8 Shannon was?

9 A. No.

10 Q. Now, did you know that he had a liquor distribution
11 business named SSH?

12 A. I don't recall.

13 Q. Did that business come up at the meeting that you had that
14 afternoon?

15 A. I don't believe so, but I really don't recall.

16 Q. OK. Now, I'd like to give the jury a little lesson on
17 sovereign immunity right now.

18 There is obviously a liquor tax in this country,
19 right, an excise tax on liquor.

20 A. That's my understanding, yes.

21 Q. And if I a sovereign nation owns a business and sells that
22 liquor and it never leaves Indian property, it goes from one
23 Indian property to another Native American property, do they
24 have to pay the excise tax?

25 MS. TEKEEI: Objection, your Honor.

I5T7GAL2

Anderson - Cross

1 MR. TOUGER: This will connect up later.

2 THE COURT: I will allow it.

3 A. That idea has been discussed. I don't know if that issue
4 has ever been resolved.

5 Q. OK. Was that idea discussed at the meeting that day?

6 A. No, I don't believe so.

7 Q. OK. Now, when you get the call from Steven Haynes, does he
8 mention John Galanis' name at that point?

9 A. No.

10 Q. Does he mention Raycen Raines' name at that point?

11 A. He does.

12 Q. And again I don't want to put words in your mouth, but
13 correct me if I'm wrong, Steven Haynes calls you and says come
14 to The Four Seasons and sit down and talk to myself and Raycen
15 Raines and others.

16 A. Yeah, the exact line was there is a guy who has a project
17 he wants to discuss with Raycen, and Raycen would like us to
18 come over.

19 Q. And would I be correct in saying that it was a pretty
20 informal meeting?

21 A. Yes.

22 Q. And when you got -- well, let's withdraw that question and
23 ask you, did you arrive at The Four Season and take a seat
24 before anybody met you, or did somebody come greet you? What
25 was the process?

I5T7GAL2

Anderson - Cross

1 A. I got there, and I sat down in a couch area, and I waited,
2 and approximately five minutes later a group came down from --
3 it seemed like they were coming down from upstairs.

4 Q. And it was Raycen Raines who initially made the
5 introduction of you to John Galanis.

6 A. Yes.

7 Q. So using deductive reasoning, it would seem that Raycen
8 Raines knew who John Galanis was prior to him introducing you
9 to the meeting -- at the meeting.

10 A. That was my impression, yes.

11 Q. And at this meeting, just to establish the players that you
12 remember, it was you?

13 A. Correct.

14 Q. John Galanis?

15 A. Correct.

16 Q. Steven Haynes?

17 A. He was not at the table where we were discussing things; he
18 was off doing something else.

19 Q. Exactly what I wanted to bring out. So he came over and
20 then left the meeting?

21 A. It was a lobby of a hotel, sort of a lobby area, and he was
22 somewhere else taking a phone call in the lobby.

23 Q. Right. And Raines was there, obviously.

24 A. Yes.

25 Q. And was there a man named John Henning there?

I5T7GAL2

Anderson - Cross

1 A. Henning or Henneth.

2 Q. Yes.

3 A. Yes.

4 Q. And did you know that he was an associate of Pete Shannon?

5 A. I did, or at least he introduced himself that way, yes.

6 Q. Had you ever communicated with Mr. Henning before?

7 A. I don't recall if he had been on some of the e-mails with
8 Peter Shannon. I don't recall.

9 Q. By the way, do you recall seeing John Galanis' name on any
10 of these e-mails prior to your meeting in mid-March in Vegas.

11 A. No.

12 Q. And so I take it from your answer that you had never met
13 Mr. Henning before either.

14 A. No.

15 Q. But you knew when you were sitting at that meeting that he
16 was there as a representative for Pete Shannon.

17 A. Yes.

18 Q. And you knew that Pete Shannon is a big businessman in
19 Chicago, right?

20 A. I don't know that I knew that. I knew he was a
21 businessman.

22 Q. Did you later learn that?

23 A. Not that he was a big businessman. Again, it was he was a
24 businessman and he had roots in Chicago. I didn't know the
25 full extent of his businesses.

I5T7GAL2

Anderson - Cross

1 Q. Did you later find out -- either at the meeting or shortly
2 thereafter wards -- that the way that John Galanis came to the
3 meeting was that he was invited there by Mr. Shannon through
4 Mr. Henning?

5 A. I did not know that.

6 Q. Now, the niceties are done, everybody is introduced, and
7 would I be correct in saying that Raines then proceeds to
8 discuss on behalf of the WLCC that he was interested in
9 building a warehouse on the Wakpamni land to warehouse the wine
10 that was coming from this winery project?

11 A. Yes, um-hum.

12 Q. And was one of the topics that was discussed at that
13 meeting was using TED bonds to finance this project?

14 A. Yes.

15 Q. And can you describe for the jury what a TED bond is?

16 A. The TED part is an acronym for Tribal Economic Development
17 bonds, and they are a type of bond that has special federal
18 support for them from a tax standpoint.

19 Q. I would be correct in saying that TED bonds can't be used
20 for one specific reason; they're a more general nature bond?

21 A. Correct, yes.

22 Q. And also if the TED bond was used, it would go through --
23 the Oglala Sioux is the one who had the TED bonds, right?

24 A. I don't know if we came to that conclusion at that time.

25 Q. But that was discussed.

I5T7GAL2

Anderson - Cross

1 A. I don't recall that.

2 Q. You don't recall that. OK.

3 But Raines wanted to figure out a way to finance this
4 business through the WLCC, right?

5 MS. TEKEEI: Objection.

6 Q. As far as you know.

7 THE COURT: As far as you know.

8 A. Well, he was executive director of Wakpamni Lake Community
9 Corporation, so presumably he was acting on their behalf and
10 wanted it to be done through them. I don't know his thinking
11 otherwise.

12 THE COURT: OK.

13 Q. So the topic being discussed was trying to figure out a
14 financing deal that could be run through the WLCC that could
15 finance the winery and the warehouse on the Wakpamni district.

16 A. It seemed like the goal was to get the project financed. I
17 don't know if there was any objection to it being Oglala Sioux.

18 Q. Excuse me?

19 A. I don't know that there was any objection to it being
20 financed through Oglala Sioux. I think it was more goal orient
21 in getting the project financed.

22 Q. But the idea being discussed was financing of the project.

23 A. Correct.

24 Q. And that's when John began to talk, right?

25 A. Yes.

I5T7GAL2

Anderson - Cross

1 Q. And he was explaining at that point -- well, before I ask
2 you this question, what is a government services bond?

3 A. A government services bond I would define as a bond that
4 funds sort of the core parts of government, so a road, or an
5 ambulance, a school, government building.

6 Q. Buildings, correct?

7 A. Correct, um-hum.

8 Q. And would I be correct in saying that that was one of the
9 ideas that John was talking about, running this through a
10 government service type bond?

11 A. I don't recall that.

12 Q. OK. Do you remember that his idea was to finance a bond,
13 whatever type it was, through the use of pension funds?

14 A. Yes.

15 Q. And the reason he figured that pension funds would want to
16 do this is they have a social impact requirement to their
17 investments, right?

18 A. Correct.

19 Q. And could you explain to the jury what that means, the
20 social impact requirement.

21 A. A social impact investment would be as opposed to a typical
22 investment where you want to make as much as you possibly can
23 presumably. You may take as an investor a little less of a
24 return in return for funding something that is what you
25 perceive as good for the community.

I5T7GAL2

Anderson - Cross

1 Q. And so if I understand what you're saying is everybody
2 wanted to do this deal, the winery warehouse deal, and the way
3 to finance it was still in flux.

4 A. Yes, that's correct.

5 Q. And would I also be correct in saying that it wasn't --
6 withdraw that question.

7 After the meeting ended, you left Las Vegas that day,
8 correct?

9 A. I believe so, yes.

10 Q. And you didn't have any further discussions about this
11 topic with these individuals before you left Las Vegas.

12 A. No.

13 Q. And would I be correct in saying that it wasn't until after
14 you left Las Vegas that you first heard of the annuity idea,
15 that John called you after you left Las Vegas and told you
16 about this idea of setting up an annuity?

17 A. That's not my recollection.

18 MR. TOUGER: One moment, your Honor.

19 THE COURT: Sure.

20 Q. You were interviewed by the government on April 12, 2018,
21 correct?

22 A. I believe so, yes.

23 Q. And there were certain questions and answers.

24 A. Correct.

25 MR. TOUGER: Now, if you could bring up Government

I5T7GAL2

Anderson - Cross

1 Exhibit 1220.

2 Q. Do you see the document?

3 A. I do.

4 Q. And --

5 No, you're not supposed to see it.

6 And the date on that document is May 20, 2014,
7 correct?

8 A. Yes.

9 MR. TOUGER: May I approach the witness?

10 THE COURT: Yes.

11 Q. I want to ask you, if you read this, this refreshes your
12 recollection that you first heard of the annuity after you
13 left?

14 A. Right here?

15 Q. Yes.

16 A. OK.

17 Q. So isn't it true that when the government showed you, you
18 said you first heard of the annuity sometime in the time period
19 of this referenced document. Is that what you said?

20 A. My --

21 Q. I'm asking you a different question. Is that what you
22 said?

23 A. Close but not exactly.

24 Q. So, you're telling me the government got this wrong.

25 A. Those are not my notes. But I can clarify if it's helpful.

I5T7GAL2

Anderson - Cross

1 Q. Now, at some point the annuity idea did come out, right?

2 A. The annuity or the investment idea.

3 Q. Well, you explain to me the difference.

4 A. OK. At this meeting, at the initial meeting, what was
5 referred to as --

6 Q. You have to speak louder.

7 A. At the meeting in Las Vegas, at this what we have been
8 discussing, there was a discussion of an investment. An
9 investment would be purchased that could make a return that
10 would then be allowed to pay the bonds. I don't know if at
11 that meeting the word annuity was used or what that investment
12 was. An annuity is a specific type of investment, so I think
13 that's what the confusion is with the notes.

14 Q. I understand you completely. Thank you for clarifying.

15 A. Sure.

16 Q. So at some point though the idea did come that we were
17 going to use an annuity to finance this deal, right?

18 A. Correct.

19 Q. And the idea was for the annuity to generate enough money
20 to pay back the bond and have money left over to use for the
21 economic development through the WLCC.

22 A. That's right.

23 Q. Now, on direct you said at page 152 that after the meeting
24 in Vegas, it wasn't until -- which was in mid-March, right --

25 A. Yes.

I5T7GAL2

Anderson - Cross

1 Q. -- that you didn't speak about this deal again until four
2 to six weeks later.

3 A. That was my sense of it, yes.

4 Q. Can we agree that that's not correct, right? On April 4 --
5 which is nearly two or three weeks later -- you wrote a
6 memorandum about the winery deal, right?

7 A. I discussed that I hadn't heard about the annuity project.
8 I saw that as different from the winery project.

9 Q. OK, but that's fine, but what I'm trying to bring out is
10 when you left Vegas, this idea did not die for four to six
11 weeks; the idea about the winery and the warehouse was still
12 being discussed during that time period.

13 A. The winery portion was, not necessarily the annuity portion
14 of it.

15 Q. Well, you wrote a memorandum on April 4, right?

16 A. I did.

17 Q. And what did that memorandum detail?

18 A. It discussed the winery project as a whole.

19 Q. Right.

20 A. Yes. But that winery project was different from sort of
21 the warehouse portion of it.

22 Q. Right. The deal was still in flux about what all the
23 details were, right?

24 A. Correct.

25 Q. As a matter of fact, the deal stayed in flux almost up

I5T7GAL2

Anderson - Cross

1 until the day it closed?

2 A. That's correct, it's fair.

3 Q. It was constantly changing, certain degrees of it, right?

4 A. Correct.

5 Q. And what you discussed in the memo was that the
6 governmental bonds would be issued by the WLCC, right, and the
7 proceeds from the bonds would be used to construct and operate
8 a winery in Dry Creek, California.

9 A. Correct.

10 Q. And the winery project was to be jointly owned by the WLCC
11 and a Haynes subsidiary which hadn't been determined yet,
12 right?

13 A. That was being discussed.

14 Q. Right?

15 A. And 51 percent of the ownership was to go to the WLCC, and
16 49 percent was to go to Haynes.

17 Q. Right?

18 A. Correct, based upon the memo.

19 Q. I'm just talking about the memo.

20 A. Right.

21 Q. And the reason it was 51 to 49 in ownership percentages was
22 they wanted to preserve the tribal majority ownership of the
23 business, right?

24 A. Correct.

25 Q. Because that would possibly have some tax advantages.

I5T7GAL2

Anderson - Cross

1 A. It could, yes.

2 Q. And that goes back to the whole excise tax on alcohol,
3 etc., correct?

4 A. I believe it has other nontax implications as well.

5 Q. It was definitely advantageous to have a Native American
6 ownership of the business as opposed to a United States
7 citizenship ownership of the business.

8 A. Yes.

9 Q. Now, getting back to the meeting for a little bit. It was
10 pretty clear to you at that meeting that Mr. Galanis was a
11 retired old man who didn't work for anybody, right?

12 A. That was my impression at the time, yes.

13 Q. And basically he seemed to be just like an old guy looking
14 for something to do, right, if I can quote you.

15 A. That was my impression, yes.

16 Q. But John did mention that he had a son who was an
17 investment banker, right?

18 A. Correct.

19 Q. And he would try to get him interested in the deal, right?

20 A. Correct.

21 Q. And Mr. Galanis also mentioned his son was associated with
22 Burnham Securities.

23 A. Burnham in New York, I believe were the exact words.

24 Q. And maybe he could get Burnham to find investors into this
25 project, for the bonds.

I5T7GAL2

Anderson - Cross

1 A. I'm not sure if he used the word maybe, but that was the
2 gist of it, um-hum.

3 Q. And can we agree that in April of 2014 Jason Galanis was
4 associated with Burnham Securities?

5 A. That was my impression, yes.

6 Q. And did you know at that time that Jason Galanis through
7 other companies was a part owner of Burnham Securities?

8 A. No, I did not know that.

9 Q. By the way, it was Jason Galanis' influence at Burnham that
10 ultimately weeks later got you hired as counsel for Burnham in
11 this deal, right?

12 A. That's -- yeah, I believe so.

13 Q. And can we also agree that in July you even asked Jason --
14 Jason Galanis -- if you should bring Hugh Dunkerley into the
15 e-mail chain about the bonding.

16 A. I believe I did, yes, on or about that time.

17 Q. And can we also agree that as far as you know that Jason
18 Galanis had some influence about what deals Burnham Securities
19 would take on and what deals they wouldn't?

20 A. Yes. Yeah, um-hum.

21 Q. And by mid-April you were introduced to a company called
22 Wealth Assurance Holdings.

23 A. I'm not sure if it's mid April, but at some point, yes.

24 MR. TOUGER: OK. Can we bring up DX-1300. This is in
25 evidence, so you can show it to the jury.

I5T7GAL2

Anderson - Cross

1 Q. I'd like you to go to the second page of that. Can you see
2 that clearly?

3 A. Clearly enough, yeah.

4 Q. You received this document at some point in April or May of
5 2014, correct?

6 A. I did.

7 Q. And what is this document?

8 A. This is a summary or overview of Wealth Assurance Holdings
9 Ltd.

10 Q. And who was the auditor of this document?

11 A. Pardon?

12 Q. Who did the audit? Who prepared this information?

13 A. I don't know.

14 Q. It says it right on top there.

15 A. Oh, PWC.

16 Q. Do you know what PWC is?

17 A. It's commonly used as a shorthand for Price Waterhouse
18 Coopers.

19 Q. Right. And could you describe to the jury who Price
20 Waterhouse Coopers is.

21 A. They are one of the large accounting firms. I believe
22 there are four left in the United States.

23 Q. And they're worldwide, right?

24 A. I don't know that, but I would not be surprised.

25 Q. And they are one of the largest ones left, right?

I5T7GAL2

Anderson - Cross

1 A. I believe in the United States, yes.

2 Q. And you had no -- they're pretty respected in the United
3 States also, their work?

4 A. I think so.

5 Q. They're not some fly-by-night strip mall accounting firm,
6 right?

7 A. Correct.

8 Q. They have lots of offices in lots of cities with lots of
9 accountants and everything working for them, right?

10 MS. TEKEEI: Objection. Relevance.

11 THE COURT: I will allow.

12 A. That's my impression.

13 Q. And did you read this document when you got it? Not now.

14 A. I reviewed it. I wouldn't say I read it, but yeah.

15 Q. So you had no doubt once you reviewed this document that
16 Wealth Assurance Holdings was a real company.

17 A. I did not.

18 Q. And had real financial assets.

19 A. Correct.

20 Q. And did you do your own due diligence on WAH?

21 A. I believe I went on their website.

22 Q. And from that information on the website and what you have
23 in front of you, it had just recently acquired Wealth Assurance
24 AG, which was an \$80 billion German mutual insurance company,
25 correct?

I5T7GAL2

Anderson - Cross

1 A. I don't know where it says that here, but I had the
2 impression they had large assets and they were a European
3 company.

4 MR. TOUGER: You can take that down.

5 Q. So, now once the deal started to come more in focus as time
6 went on, the idea was to sell bonds to raise capital, right?

7 A. Correct.

8 Q. And the bond proceeds would be invested, and the return on
9 the investment would be used to pay off the bonds and get some
10 extra money to do some work with the WLCC, right?

11 A. That's right.

12 Q. And just so us laymen can understand it, a bond is really a
13 mechanism for corporations to get what we call a loan.

14 A. In some ways that's an apt description, yes.

15 Q. Now, would I be correct in saying that when this idea
16 started to take focus, that you were intrigued by this idea?

17 A. Yes, um-hum.

18 (Continued on next page)

19
20
21
22
23
24
25

I5TJGAL3

Anderson - cross

1 Q. And the more you thought about it, the more you thought
2 hey, this could work?

3 A. My feeling was if the economics worked, then the deal could
4 work.

5 Q. Excuse me?

6 A. If the economics worked, the deal could work.

7 Q. Exactly. And you also thought that pension funds would be
8 interested in buying these bonds for two reasons; one, they had
9 a good rate of return because they were a risky investment,
10 right?

11 A. Ah-huh.

12 Q. The more risky investment, the higher the interest rate,
13 right?

14 A. That is generally how it works, yes.

15 Q. And these bonds were paying a higher interest rate than the
16 going rate on safe AAA bonds, right?

17 A. At that time, yes.

18 Q. At that time, that is what I am talking about?

19 A. Right.

20 Q. The second reason was so they could do their socially
21 responsible investments?

22 A. That's right.

23 Q. And these bonds they we're talking about met both of those
24 requirements?

25 A. It appeared to, yes.

I5TJGAL3

Anderson - cross

1 Q. By the way, what is the percentage, if you know? Does it
2 change on different pension funds? Is it legally all the same
3 on pension funds for the socially economic part?

4 A. It is my understanding that's a decision each fund makes on
5 its own.

6 Q. On its own? There is no legal standard, right?

7 A. Not to my understanding, no.

8 Q. There was nothing illegal about the way this deal was being
9 put together as far as --

10 MS. TEKEEI: Objection.

11 Q. -- as far as you were concerned?

12 MS. TEKEEI: Objection.

13 THE COURT: As far as you understood, I will allow
14 that.

15 THE WITNESS: No, there was none.

16 BY MR. TOUGER:

17 Q. You wouldn't have involved yourself in an illegal
18 transaction, would you?

19 A. No, I would not.

20 Q. So if the deal worked, right, the WLCC would get money up
21 front for issuing the bonds, right?

22 They would get what ultimately turned out to be two
23 and a quarter million dollars, right?

24 A. I believe that's the number, correct.

25 Q. And Burnham would make money for selling the bonds, right?

I5TJGAL3

Anderson - cross

1 A. Correct.

2 Q. And the Wakpamni Lake Community would receive a new
3 commercial space on its land?

4 A. Correct.

5 Q. Now, just going back through how this deal sort of came
6 into being, so to speak, okay?

7 So would I be correct in saying about six or so weeks
8 after you left Vegas, you got a call from Mr. Raines, with an
9 R, Mr. Raines, saying that this bond deal may actually move
10 forward?

11 A. I did receive a call from him to that effect, ah-huh.

12 Q. And then shortly after that, Mr. Galanis sent you an email
13 with people that Burnham that you would be working with, right?

14 A. I did receive that email, yes.

15 Q. And those people were Jason Galanis and Hugh Dunkerley,
16 right?

17 A. Correct.

18 Q. Would it be correct in saying one of your impressions with
19 John was that he would find deals and bring them to Burnham?

20 A. Yes.

21 Q. And then once the deals were accepted, meaning Burnham was
22 interested and decided to take up the deal, he would not really
23 be as much of a presence, he would become more of a
24 troubleshooter on that deal between the parties?

25 A. You're speaking of at that time?

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Anderson - cross

1 Q. Yes.

2 A. April, May, somewhere in there.

3 Q. Exactly.

4 A. My impression was he was helping his son find deals.

5 Q. Would your impression also be he was acting as a go-between
6 between you, Raycen Raines, Jason and the Burnham people?

7 A. Yes.

8 Q. I believe you testified last week that they always seemed
9 to be in harmony, right, that was the word you used?

10 A. Jason and Yanni?

11 Q. Yes.

12 A. Yes.

13 Q. Would you agree with me that the way the process was
14 working in this May, April to June time period, right, that
15 basically Mr. Galanis would speak to you about -- when I say
16 "Mr. Galanis," I mean John Galanis would speak to you about a
17 problem, you would discuss the problem, and then John would say
18 let me get back to Jason, and then he would talk to Jason and
19 get back to you with what Jason said, right?

20 A. Yes.

21 Q. Would you also agree with me that you never, ever spoke to
22 John Galanis and Jason Galanis at the same time?

23 A. I spoke with them at the same time.

24 Q. Excuse me?

25 A. I did speak with them at the same time.

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Anderson - cross

1 Q. You did speak with them at the same time?

2 A. Yes.

3 Q. When did you do that?

4 A. A number of times. I remember at least --

5 Q. May I interrupt you. By telephone or in person?

6 A. Telephone.

7 Q. Now you may continue.

8 A. Leading up to the first deal, I remember receiving a phone
9 call from Jason and Yanni related to a question they had about
10 the bonds and the structure. I could go into deal if you like.

11 Q. That is fine. You did speak to them at times together?

12 A. Correct.

13 Q. Most of the time, you spoke to them individually?

14 A. Most of the time, correct.

15 Q. When I say "most," the fair majority of them you spoke to
16 them individually?

17 A. I would say the majority of the time, yeah.

18 Q. Would you agree with me that in the beginning months of the
19 deal, you spoke a lot more with John than Jason, and then as
20 you got into July and August, you spoke more with Jason than
21 John?

22 A. That's correct.

23 Q. Would you also agree with me that most of the time when you
24 spoke to John, it was more you calling him than him calling
25 you?

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Anderson - cross

1 A. I would disagree with that.

2 Q. You would disagree with that?

3 A. Ah-huh.

4 Q. But you believed your primary contact on the deal would be
5 Jason Galanis?

6 A. I did.

7 Q. And your point of contact really switched somewhere around
8 late June of 2014, where you switched from more John to more
9 Jason?

10 A. I don't recall specifically when it switched, but as we
11 approached closer to closing on the deal, there was a
12 switching, yes.

13 Q. Would you say that John structured and organized the
14 parties to the deal in the beginning, then Jason Galanis took
15 over the negotiations over the point, and you really closed the
16 deal, signed the closing documents, right?

17 A. That is a fair description.

18 Q. As a matter of fact, you got the email from John with the
19 contacts at Burnham, Jason and Hugh Dunkerley, and I believe
20 you got that on May 19th, 2014?

21 A. I don't know if it was a specific date, but on or about
22 there.

23 Q. On or about there?

24 And that is when you really thought you would have
25 more contact with Jason and Hugh Dunkerley than you would with

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Anderson - cross

1 John, correct?

2 A. That's correct.

3 MR. TOUGER: May we take the lunch break, your Honor?

4 THE COURT: Sure, whenever you're ready.

5 MR. TOUGER: A little bit longer would be a good
6 break.

7 THE COURT: Okay.

8 BY MR. TOUGER:

9 Q. You had this meeting with Jason Galanis in New York City
10 you talked about on direct, right?

11 A. I did.

12 Q. John Galanis wasn't there, right?

13 A. He was not.

14 Q. He wasn't supposed to be there, either?

15 A. No.

16 Q. During the summer months of July and August, would I be
17 correct in saying your conversations with John Galanis really
18 had to do with problems that were arising and trying to work
19 out these problems?

20 A. That is a fair description of it.

21 Q. That is because John was really there in the beginning to
22 work on this financing deal with Pete Shannon and John Moran
23 about the winery, right, that was how he got to this deal, as
24 far as you know?

25 MS. TEKEEI: Objection.

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Anderson - cross

1 THE COURT: Sustained.

2 BY MR. TOUGER:

3 Q. Well, when you first met Mr. Galanis, the conversation at
4 that meeting was all about this winery, right?

5 MS. TEKEEI: Objection.

6 THE COURT: I'll allow that.

7 THE WITNESS: There were two topics for discussion at
8 the meeting. There was the winery and then this other project
9 that again a guy wanted to discuss with --

10 BY MR. TOUGER:

11 Q. Excuse me. I didn't get the last part.

12 A. There was the winery project which had been kicking around
13 for a while, but then there was the second project which was
14 what raise described to Steven as a guy he wanted to talk about
15 a problem with the tribe, quote-unquote.

16 Q. And that guy was Mr. Galanis?

17 A. Correct.

18 Q. The conversation at the meeting was trying to get
19 financing, someone to finance the winery?

20 A. That was one topic, but then the other project was
21 described.

22 Q. What was the other project?

23 A. Well, it was a project that would be an investment would be
24 placed into what would end up being the annuity project, an
25 investment would purchase the bond issue, and the proceeds

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Anderson - cross

1 would be to pay off the interest, and a trust would be created
2 for the tribe long term, there was no physical project at that
3 time that was being discussed.

4 Q. Okay. By the way, the winery project never got done,
5 right?

6 A. There were two parts to the winery project, which is the
7 grapes and then the warehouse. The warehouse --

8 Q. The warehouse portion? The grapes portion never got done?

9 A. Correct.

10 Q. That was because Mr. Haines couldn't work out a deal with
11 the Native American tribe at that point?

12 A. I don't know why it fell apart, honestly.

13 Q. And by the way, in your time you got to know Jason Galanis
14 also, I presume?

15 A. Yes.

16 Q. Was there any doubt in your mind that Jason Galanis could
17 handle this negotiation of this deal?

18 A. Say that again.

19 Q. That Jason Galanis had the wherewithal by himself to handle
20 the negotiation of this deal?

21 A. He seemed pretty sophisticated, so I had no reason to doubt
22 that he could.

23 MR. TOUGER: This would be a good place.

24 THE COURT: Ladies and gentlemen, we're going to take
25 our lunch break. Because we had a short day today, now we have

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Anderson - cross

1 ordered you lunch here. We are going to take a 45 minute break
2 for lunch. Remember please don't discuss the case and keep an
3 open mind. Thank you.

4 (Jury excused)

5 THE COURT: You may step down and come back in 45
6 minutes. Thank you.

7 (The witness left the courtroom)

8 THE COURT: You all can be seated.

9 I want to give you all time to have lunch as well, but
10 let's just talk about whatever issues we need to discuss for
11 the purposes of the afternoon. So first are there any other
12 objections with respect to exhibits for this cross-examination
13 or for anything else you think will take place this afternoon
14 we should discuss?

15 MR. SCHWARTZ: I don't think so, your Honor. I will
16 give the government the pages.

17 THE COURT: You will confer over the lunch break.

18 MR. SCHWARTZ: Yes. I will give them the pages I
19 intend to use, and they can look at it and we'll talk.

20 THE COURT: Thanks. I am happy to address the Jason
21 Galanis' arrest in Geroval now if you want to take a few minutes
22 to do that now. Do you want to or --

23 MR. TOUGER: Are we finish with the witness?

24 MS. TEKEEI: We would like a ruling, your Honor.

25 THE COURT: Let's talk about this for a few minutes

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Anderson - cross

1 and then break for lunch.

2 First I want to say some things and I want to ask a
3 few questions. I have reviewed the parties' most recent
4 submissions regarding Jason Galanis' arrest in the Gerova case,
5 and I want to make a few things clear on the record.

6 First, and as I noted on Thursday, Mr. Schwartz
7 correctly quoted the transcript from the April 13th conference
8 where I said that I'm not going to permit the government to
9 introduce evidence related to the arrest and convictions of
10 Mr. Hirst and John and Jason Galanis and Gerova.

11 Mr. Schwartz said he interpreted that statement to
12 mean no evidence of Jason Galanis' Gerova arrest or conviction
13 could come in for any purpose even absent evidence that any of
14 the defendants at this trial were similarly arrested or
15 convicted in relation to Gerova.

16 My comments at that hearing were intended as a
17 reference to the arrest and conviction of those three
18 individuals, Jason Galanis, John Galanis and Gary Hirst
19 collectively, which I think my back-and-forth with Mr. Quigley
20 at the April 13th conference and the final pretrial conference
21 made clear.

22 I never viewed the isolated introduction of Jason
23 Galanis' arrest and conviction in Gerova as barred by 404 (b)
24 in light of the fact he had already pled guilty to the
25 indictment; and, therefore, would not be a defendant in trial.

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Anderson - cross

1 That was the motion I was ruling on, the Government's 404 (b)
2 motion. My analysis of the SEC evidence bars rather of Jason
3 Galanis and John Moran similarly emphasize that point.

4 In light of the discussion that took place at the
5 April 13th conference and at the final pretrial conference, I
6 thought defendants were on clear notice that at the very least
7 this issue, the introduction of Jason Galanis' arrest and
8 conviction in Gerova about implicating the involvement of any
9 of the other defendants on trial was not something that I had
10 squarely addressed or had yet been asked to address.

11 Moreover, Government Exhibit 2103, the press release
12 related to the Gerova arrests, redact the names of John Galanis
13 and Gary Hirst while highlighting the name of Jason Galanis,
14 further putting the defendants on notice while also
15 demonstrating that the government had the same understanding I
16 did of the rulings as to the 404 (b) evidence, and given how
17 thorough much of the preparation has been in this case, I am
18 sure the defendants reviewed those redacted exhibits.

19 So I don't view the current posture of this as a
20 motion for reconsideration. The defendants, none of them, have
21 moved to exclude, had moved to exclude Government Exhibits 781,
22 782, 2102 or 2103. Whether it was in good-faith reliance of my
23 statements or for strategic reasons, those motions were not
24 made, but I will deem them now to have been made, and that is
25 what I think we should address right now. I want to view it

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1 and I think it is appropriately viewed as a motion under 403,
2 it is too prejudicial, substantially more prejudicial than
3 probative.

4 So I am going to consider that made with respect to
5 those exhibits as well as the testimony, anticipated testimony
6 of Francisco Martin. So let's start with the SEC press release
7 with the government. First of all, I think it is just too
8 prejudicial as is. We can talk about if there is some
9 additional stipulation, and I know the government has agreed to
10 make a stipulation, but I think the way it looks right now, it
11 is simply too prejudicial.

12 So let's make for the record clear what the government
13 proposed stipulating to. Next, the letter of May 25th, the
14 government represented it will stipulate to the following, the
15 Gerova investigation concerned neither Mr. Archer or
16 Mr. Cooney, that neither Mr. Archer nor Mr. Cooney were
17 subjects of the Gerova investigation and/or that the
18 government's investigation into Gerova was not public on
19 September 24th, 2015, the day the charges were unsealed and
20 Jason Galanis was arrested.

21 I think that is important. I think without that
22 stipulation, all of this would have been too prejudicial. One
23 question that that stipulation, agreement to stipulate to those
24 facts highlights is, of course -- Mr. Touger is raising his
25 hand -- you know that stipulation can be made without

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1 suggesting the guilt of Mr. John Galanis. I think it can be
2 done because I think it can be done piecemeal with respect to
3 the pieces of evidence.

4 So to the extent -- and I am not saying I will rule
5 this way, I will hear you out first -- to the extent, for
6 example, that I were to allow in Francisco Martin's testimony,
7 I could at that time, either you could or I could, read a
8 stipulation with respect to Bevan Cooney similarly, and then
9 any evidence were to come in with respect to the BIT Board
10 minutes, for example, I could or you could read a stipulation
11 with respect to Devon Archer. If I do that, it counters it and
12 does not implicate John Galanis, especially if I am not letting
13 in the press release, which has the clear redactions so you're
14 wondering whose name would have been there. So those are kind
15 of initial reactions.

16 I want to hear more about exactly what you anticipate
17 Francisco Martin's testimony would be with respect to
18 Mr. Cooney because I think the tone and nature of the
19 conversation really matter, the specifics matter, and then I
20 also just want to hear you all out further.

21 Who wants to go first?

22 MS. MERMELSTEIN: With respect to your Honor's
23 suggestion, as we said at the last time we were here, we are
24 happy to further redact the SEC press release or otherwise
25 alter that exhibit so it is less of a highlighted matter.

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1 I think your Honor's suggestion with respect to how to
2 make clear that there is no assertion that Cooney or Archer was
3 involved in Geroval, about highlighting Mr. Yanni Galanis' role
4 is very smart, and we have no objection to doing it that way.

5 To the extent there is evidence of Mr. Cooney's
6 discussion about Geroval, the jury gets instructed there is no
7 allegation he knew of any of that before, and similarly with
8 respect to the Mr. Archer's vindication in the BIT Board, the
9 jury can be instructed at that point with respect to
10 Mr. Archer, and it will appear to the jury that Mr. Galanis
11 isn't being referenced because there is no reference to Geroval
12 and him at all.

13 With respect to Mr. Martin, I don't know how much more
14 I have to add to what we have already said. There has been a
15 fair amount of fighting between the difference between the
16 government's characterization of it and how it is reflected in
17 the 3500, and having met with Mr. Martin, the characterization
18 I have given is certainly my characterization, but it is my
19 characterization of my understanding of how Mr. Martin
20 understood the conversation; that is to say, that he received a
21 phone call from Mr. Cooney, informing him that Jason Galanis
22 had been arrested.

23 I think that is Step 1. That is significant because
24 of the fact Mr. Martin is a person Mr. Cooney would call upon.
25 Learning that information is itself evidence that Mr. Cooney

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1 understood himself to be involved in an enterprise with
2 Mr. Martin. That is not a small fact here, right, because I
3 understand that these defendants are going to say look, we
4 didn't know about all these other parts of the bond set up that
5 were a problem, like we just weren't involved and didn't have
6 notice of it.

7 The fact Mr. Cooney knows who Mr. Martin is and knows
8 he is involved in the same enterprise is itself incredibly
9 relevant to Mr. Cooney's understanding of the broader scope
10 here.

11 THE COURT: Is that not going to come out in other
12 portions of his testimony, through other evidence?

13 MS. MERMELSTEIN: I don't think it comes out with this
14 level of clarity. I also think even more significantly,
15 obviously, what Mr. Cooney then says to Mr. Martin is look,
16 don't worry, it is not the bond stuff, it's this other thing
17 Gerova, and it is so incredibly demonstrative about Mr.
18 Cooney's mind set for him to be saying like don't worry, it is
19 not -- and I think the import to Mr. Martin is we both know it
20 could be our thing, our thing is a crime and it could be us,
21 but luckily it is not.

22 If the defense wants to argue there is a different
23 inference there, the inference is look, I need two people who
24 are in business together would be perturbed to know a third
25 business partner had been arrested and relieved it wasn't in

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1 their deal, that is an argument they could make.

2 That wasn't Mr. Martin's understanding of that
3 conversation, and it is in a case that is all about knowledge,
4 the notion that that communication could be precluded is
5 immensely prejudicial to the government, and I don't think
6 there is any 403 argument here that it is not, that the
7 probative value of this because it is so probative is
8 substantially outweighed by the prejudice when all the jury
9 will learn is Jason Galanis committed another crime.

10 Let's be super clear. The defendants opened on Jason
11 Galanis is a criminal mastermind who was controlling everyone
12 and deceiving everyone, so the prejudice to them from evidence
13 that -- and the jury will be told there is no suggestion they
14 knew about that before or went into business with someone they
15 knew to be a criminal at the time they went into business with
16 them, but how could that be prejudicial to the defendants when
17 they have moved to put in evidence of the California matter and
18 of other people's convictions in this matter, just Jason
19 Galanis' conviction in this matter, the such a big part of the
20 defense is Jason Galanis is the criminal mastermind. The
21 notion a different arrest of Jason Galanis is so prejudicial
22 that it weighs against the admission of this incredibly
23 probative evidence --

24 THE COURT: Just to be clear, are you going to be
25 asking Martin what his understanding was of --

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Anderson - cross

1 MS. MERMELSTEIN: Of course.

2 THE COURT: What will he say?

3 MS. MERMELSTEIN: He will say he understood what
4 Mr. Galanis was saying. Mr. Martin is going to say I
5 understood how he was perpetrating a crime with respect to
6 these bonds with Mr. Galanis and others, and he called me.

7 The import of that admission is like, he didn't say it
8 explicitly, right, but the understanding is we are presently
9 committing a fraud together but don't worry, right, our
10 co-conspirator who got caught got caught for something else.
11 That is what he is going to say.

12 MR. TOUGER: I would like to ask the government one
13 pointed question. How does any of that change if the only
14 testimony is Jason Galanis got arrested?

15 THE COURT: Jason Galanis got what?

16 MR. TOUGER: Got arrested. They can make every
17 argument they just made. If the court's ruling is as it just
18 said, what is the difference in the grand scheme of things to
19 their case if the only testimony is Jason Galanis got arrested?

20 It seems to me from the arguments they're making that
21 it doesn't matter one iota that the testimony Jason Galanis got
22 arrested for financial crimes dealing with Geroval, because none
23 of those individuals, Mr. Martin and none of them involved with
24 Geroval, they have no idea what that is about.

25 THE COURT: I assume that their argument is it

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1 provides context for that particular statement.

2 MR. TOUGER: It doesn't because "just arrested" is
3 fine, and then nobody is harmed. If the court will --

4 THE COURT: Sorry. Clarify. You think it should be
5 he was arrested, but not for a separate crime?

6 MR. TOUGER: No. Jason Galanis was arrested for a
7 separate crime.

8 THE COURT: Right.

9 MR. TOUGER: That is it. They can make every argument
10 that they want to make based on that, and it is a fair
11 compromise to get rid of any taint to Mr. Galanis. Mr. Martin
12 doesn't even know John Galanis.

13 THE COURT: I am misunderstanding. I want to make
14 sure I understand exactly what your proposal is.

15 MR. TOUGER: My proposal is, your Honor, is that the
16 testimony from Mr. Martin be that Jason got arrested for a
17 crime separate and distinct from the one being alleged in this
18 case.

19 MR. SCHWARTZ: In other words, without it being clear
20 it was a securities fraud, there were SEC charges, it was this
21 district, anything like that? Just that he was arrested,
22 not -- I am just clarifying -- he was arrested for unrelated
23 charges, period, full stop, and then Mr. Touger was saying that
24 would allow the government to make the argument it wants to
25 make about the conversation that supposedly happened between

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1 Mr. Martin and Mr. Cooney.

2 MR. TOUGER: Let me finish my thought. I am not
3 willing to sign a stipulation that pinpoints my client as being
4 involved. I won an appeal on that issue in state court, not
5 federal court, but if you put the two together, it is obviously
6 pointing a finger at him.

7 THE COURT: But if I am not allowing in the press
8 release, and I am not, I understand I didn't make clear exactly
9 if there are redactions that could be made, but it is hard for
10 me to see how redactions could be made to that press release to
11 let it in, but that doesn't mean that the top part of the email
12 doesn't come in or the BIT Board minutes or Mr. Martin's
13 testimony.

14 MR. TOUGER: Here is the problem with that. I can't
15 argue to the jury, and rightfully so, that John Galanis knew
16 about this because he was Jason Galanis' father and no other
17 reason because then you will allow the 404 (b) in. I am
18 handcuffed with giving the jury a credible reason why John
19 Galanis would not as opposed to the other two, I can't do that
20 and I wouldn't do that because that would obviously open the
21 door.

22 If the agreement is made between the parties the only
23 testimony is going to be that Jason Galanis got arrested for a
24 crime separate and distinct from the actions in this case, then
25 everybody's protected and they can all make the arguments they

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1 want to make.

2 MR. SCHWARTZ: The prejudice would also be
3 substantially mitigated if this really only came in in the
4 context of the conversation that supposedly happened between
5 Mr. Martin and Mr. Cooney. Having heard the explanation, I
6 sort of understand a little bit better the government's
7 argument about that.

8 What I still don't understand and I never heard a
9 response to is why, with respect to Mr. Archer and the BIT
10 Board evidence, it is necessary to say even there was an
11 arrest. They're not talking about the arrest. The arrest is
12 just what precipitates the BIT Board reasking the questions
13 they asked a year before, and saying basically, you know, did
14 you do what you promised to do.

15 In order to get all of that testimony, the stuff they
16 say is relevant, you don't need the fact that Jason Galanis was
17 arrested. So if in this trial the evidence of Jason Galanis'
18 2015 arrest could be limited to that one conversation between
19 Martin and Mr. Cooney that supposedly happened, accompanied by
20 an appropriate limiting instruction from your Honor that was
21 totally separate, and then no one is alleged to have been
22 involved or knowledgeable about it, that substantially takes
23 the air out of the prejudice of Jason Galanis being arrested
24 for a different offense right in the middle of this conduct.

25 I really disagree with the idea it doesn't cause

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Anderson - cross

1 incremental prejudice because we argued Jason Galanis was a
2 master criminal. The whole point was he was a master criminal,
3 but no one knew it, and so if in the middle of all of this he
4 gets arrested for securities fraud, and it is not made crystal
5 clear, as the government has told us they're not willing to
6 stipulate, that Mr. Archer had no clue not only about the
7 Gerova contact but the Gerova investigation, didn't know
8 anything until Mr. Galanis arrested on September 2015, that
9 would be enormously prejudicial to Mr. Archer.

10 MS. NOTARI: I want to add what the government is not.

11 It is clear we are not disputing Francisco Martin and
12 Mr. Cooney and Mr. Galanis were in the same social circle, they
13 were friends and it makes perfect sense on an everyday, common
14 sense basis that if one of your friends gets arrested, you find
15 out about it, you call up your friend and say Jason Galanis was
16 arrested, right?

17 Now, we know from the 3500 material, and I am
18 reviewing my notes, that Francisco Martin met with the FBI in
19 February 2016, and all he could talk about was his fear that
20 his name was all over the bond documents. It makes sense that
21 he confronts Mr. Cooney and says my name is all over the
22 documents. Mr. Cooney says don't worry, this is about Gerova,
23 this has nothing to do with us.

24 Clearly the jury will hear that and they will
25 speculate there is something more that Mr. Cooney is involved

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Anderson - cross

1 with the Gerova fraud, what is the Gerova fraud. The fact that
2 they're putting so much emphasis on Mr. Cooney's statement is
3 just utterly ridiculous. Anybody, anybody that got a phone
4 call that was involved in business dealings with someone, the
5 first logical question would be, or the comments would be well,
6 don't worry, you have nothing to do with that. You know,
7 somebody gets again --

8 THE COURT: Why is that not an issue for the jury to
9 decide? Why are these not arguments for the jury?

10 MS. NOTARI: It is prejudicial and it has no
11 relevance. It is not probative. Last week Ms. Mermelstein
12 couldn't articulate why it was probative, and now it is just
13 this, so prejudicial and it has no probative value and that is
14 what the test is.

15 MR. TOUGER: I think it is important that the court
16 remember the facts that Mr. Schwartz brought up last week when
17 Bernie Madoff got arrested, all these same phone calls were
18 made because everybody thought he was being arrested for
19 prostitution, but the same phone calls were made.

20 When somebody gets arrested, people make phone calls.
21 As a criminal defense lawyer, I know that, you know that as a
22 Judge, people make phone calls when people get arrested. It is
23 of no relevance to this case why Mr. Galanis got arrested. The
24 "why" is not relevant. I have yet to hear the government give
25 a reason of why Mr. Galanis got arrested is important as

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1 opposed to the fact that he got arrested is important.

2 MS. MERMELSTEIN: What I have been trying to say is
3 that I don't agree. I think the notion that this has no
4 probative value is, frankly, silly and the government was very
5 clear what the probative value is.

6 In an effort to resolve this and recognizing the
7 legitimate concerns of Mr. John Galanis, the government is
8 willing to put this in without reference to Gerova. We are
9 willing to say Jason Galanis got arrested. Look, the way
10 Mr. Martin recounts it is he says he said to me don't worry, it
11 is not the bonds, it is Gerova, but we'll work it out. I think
12 it may be clear it wasn't an arrest for DUI, but we don't need
13 to elicit the specifics of the Gerova matter.

14 While we are having this conversation, I don't think
15 Mr. Touger has yet stepped over the line, but I don't see how
16 he is not going to open the door to this during the course of
17 the trial given what he has already done because he is already
18 eliciting from Mr. Anderson that sort of John Galanis made
19 representations about Jason Galanis' role, that they we are in
20 frequent communication. It is getting very close to a
21 suggestion that he relied on Jason Galanis' representations
22 with respect to how this deal was structured and it was
23 legitimate.

24 I am not saying he has done it yet, but I don't want
25 there to be any surprise when he does it, that the government

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Anderson - cross

1 will say the whole thing comes in and there can be no question
2 that a defense that is I relied on Jason Galanis in good faith
3 would be so preposterous.

4 MR. TOUGER: That is not going to happen.

5 MS. MERMELSTEIN: I don't want that to be a surprise.
6 To the extent we are having this --

7 THE COURT: Let me understand your proposal.

8 MS. NOTARI: That proposal is utterly ridiculous. The
9 only way, the court's remedy here, this stipulation which could
10 somehow lessen the blow, somehow just lessen it is totally lost
11 on that compromise because then the jury is just left to wonder
12 he was arrested, Jason Galanis was arrested, don't worry, it is
13 not about the bonds. That is even worse. It doesn't work.

14 MS. MERMELSTEIN: One other small point. With respect
15 to the SEC press release, I understand your Honor's ruling. I
16 think the one issue will be that the import of the press
17 release is it gets forwarded along and Archer's response says
18 he was thinking was brought to our attention yesterday, a
19 surprise to both of us, we are pleased with the actions we
20 took, we're open to whatever further redaction or change your
21 Honor promises, but the jury has to understand the content of
22 what is being forwarded is about Jason Galanis' arrest or
23 Archer's response is nonsensical. We can't redact the entirety
24 of the press release without doing something because then the
25 email has no meaning.

I5TJGAL3

Anderson - cross

1 THE COURT: What in that email do you think adds
2 something that is not in the BIT Board minutes?

3 MS. MERMELSTEIN: "We are pleased with the actions we
4 took" is a false representation that he had done as he had
5 promised to do with respect to Jason Galanis' role. It is
6 important because one thing that Mr. Schwartz made clear in his
7 opening is part of his response to the BIT Board story is going
8 to be a closer look at all these lawyers, a gazillion lawyers
9 and I am not the one making the representation, it has been
10 signed off by counsel, from counsel, this is Mr. Archer himself
11 making that false representation, and that is the significance
12 and some context is required.

13 THE COURT: Is there anything else you want to say
14 about the probative value, in your view, of the BIT Board
15 minutes?

16 MS. MERMELSTEIN: More generally or with respect to
17 the arrest?

18 THE COURT: With respect to the arrest and more
19 generally with respect to government exhibit -- I am sure you
20 know what the government exhibit is.

21 MR. QUIGLEY: 781 and 782.

22 THE COURT: Why are those probative?

23 MR. QUIGLEY: Sure, your Honor, they are probative of
24 his relationship with Mr. Galanis and he continued to lie to
25 Mr. Galanis over an extended period of time, over a year

I5TJGAL3

Anderson - cross

1 after --

2 THE COURT: Tell me exactly how. Point to the exact
3 language you think shows that.

4 MR. QUIGLEY: Well, I think in the 781 --

5 THE COURT: Yes.

6 MR. QUIGLEY: -- under the discussion, the second
7 paragraph, second sentence, he says he stated he had been
8 shocked by the development, and then the independent trustees
9 for their insistence that Mr. Galanis not be involved in the
10 management of Burnham. So that is, and I think a witness would
11 interpret --

12 THE COURT: You don't have any evidence he wasn't
13 shocked?

14 MR. QUIGLEY: Correct. That is absolutely right.

15 The second part of the sentence where he thanked the
16 independent trustees for their insistence Mr. Galanis not be
17 involved in the management of Burnham suggests, and I think the
18 witness who wrote these minutes who was present at the meeting
19 would testify that it was her impression, having been present
20 at the meeting, he was indicating that Mr. Galanis had been cut
21 out of Burnham, which is not true. We just heard the
22 time-frame is a little earlier, but testimony about Mr. Galanis
23 was, in fact, very much involved in Burnham.

24 I also think in terms of there are ways we can
25 introduce this because I think some of this meeting is also

I5TJGAL3

Anderson - cross

1 necessary to provide context for how Mr. Archer's interactions
2 with the board of the Burnham Investors Trust kind of wound up
3 because there are a couple of more meetings after this where
4 the deal kind of went away.

5 Burnham Asset Management was moved to a different
6 investment adviser, the trust moved the asset managers to a
7 different investment adviser. Some of this we can elicit
8 through testimony. I would mark the exhibits because I think
9 they're a business record, but also past recollection recorded
10 for the witness.

11 We don't necessarily have to get into the exhibits
12 themselves, but we expect to elicit testimony about the general
13 representations that were made at that meeting both regarding
14 Mr. Galanis and regarding Mr. Archer's interaction with the
15 Burnham board more generally.

16 THE COURT: Do you want to respond and we'll take a
17 break for lunch.

18 MR. SCHWARTZ: Again, I don't have any difficulty with
19 them eliciting testimony that in September 2015 the BIT Board
20 went back to Mr. Archer and said hey, you told us this last
21 year. Did you really do it? And Mr. Archer will say yeah, I
22 did it, what I said before was true. All of that which is the
23 import, right, that is what Mr. Quigley says is the probative
24 value of this testimony, which is he's calling it Mr. Archer
25 lying again for Mr. Galanis. I call it repeating the same true

I5TJGAL3

Anderson - cross

1 statement from before.

2 Either way, it has the same import. You can elicit
3 that fact to the extent it is probative without making
4 reference at all to Jason Galanis' arrest. You can also get
5 out the fact that over the ensuing months, to the extent I
6 don't think it is relevant, but to the extent it is relevant,
7 the BIT Board moved money they were managing out of Burnham
8 Asset Management to a new investor.

9 That was largely as a result of the investigation in
10 this case, not the arrest of Jason Galanis in the first case,
11 but they can also get that out through their witnesses. There
12 is no reason with respect to Archer to reference Jason Galanis'
13 indictment, and I have no question that we can work together to
14 sanitize these exhibits to the extent that there is other stuff
15 in here they feel is important to make sure they can get in the
16 other stuff that is important without reference to the fact
17 that Jason Galanis was arrested.

18 MR. QUIGLEY: Your Honor, could I raise one other
19 issue kind of separate and apart from what we have been
20 discussing so far. It shows the interaction between the issue
21 that is still on the table with respect to Mr. Galanis'
22 California conviction and this arrest.

23 One thing the defense has sought is essentially to say
24 that Mr. Galanis lied to the prosecutors in California, fooled
25 the prosecutors in California, and we think presumably we can

I5TJGAL3

Anderson - cross

1 make an argument Mr. Galanis was such a good liar, he fooled
2 the government, right? We think that is precluded under your
3 Honor's 404 (b) ruling, and we have raised that.

4 THE COURT: I will tell you, I am not going to allow
5 that because I am not allowing his prior bad acts and his 404
6 (b), but rather his impeachment.

7 MR. QUIGLEY: Understood. If there was a fool the
8 government argument, that one, an additional basis to get in
9 his Geroval arrest, we arrested him twice actually, but I take
10 your point you won't allow it in.

11 THE COURT: I want you to have time to have lunch. If
12 you can come back at 2:00, but if you feel like you need a
13 couple of extra minutes, I understand. Thank you.

14 (Luncheon recess)

15 (Continued on next page)

I5T7GAL4

1 AFTERNOON SESSION

2 2:00 p.m.

3 (Jury not present)

4 THE COURT: Can we bring the jury in?

5 MS. NOTARI: Can I just say something? I want to
6 revise my position that in light of everything that was said,
7 and after thinking more carefully about Mr. Touger's proposal,
8 I think that was endorsed by Ms. Mermelstein about the
9 comments, that it would be better to have the suggestion of the
10 arrest without reference to Geroval, with the simultaneous
11 stipulation read. That would be the worst of evils.

12 THE COURT: From your perspective.

13 MS. NOTARI: From our perspective. Of course we don't
14 want that evidence in, but if the court is inclined to let it
15 in, that would be our position.

16 MS. MERMELSTEIN: We don't have to take this up right
17 now, since the jury is waiting, but to us we're either
18 anonymizing the arrest to the point of vagueness, or there is
19 going to be a stipulation that no one was alleged to be
20 involved. I think it's nonsensical to do both, especially in
21 light of the fact that Mr. John Galanis was in fact involved,
22 and so we can't stipulate to something that's not true, and
23 it's more confusing that way.

24 The notion that Galanis was arrested without more, I
25 don't think in any fashion suggests that these defendants were

I5T7GAL4

1 involved, so if we're going to an anonymize it to that extent,
2 I don't think we need a stipulation, but we are happy to deal
3 with the cross examination materials that are time sensitive
4 and deal with this later.

5 THE COURT: I think that's right. The only thing I
6 will say is that I am going to allow the government to elicit
7 Francisco Martin's testimony with respect to the call with
8 Cooney regarding Galanis' arrest. In light of his anticipated
9 testimony, I do think it's of great probative value and not
10 outweighed by the danger of unfair prejudice.

11 I think the other issues are closer ones. So, what I
12 think is probably most useful at this point is if that's the
13 case -- you tell me your proposals -- if I'm letting that in,
14 Mr. Schwartz, tell me what you're asking me to do with respect
15 to Mr. Archer. I think I understand Mr. Touger's position, but
16 with respect that it's changed with that piece, and the
17 government's as well, I will think about those. But I think
18 the other issues are much closer, in my view.

19 So why don't we bring the jury in.

20 MS. MERMELSTEIN: I think Ms. Tekeei has to take up a
21 matter with respect to the text messages that Mr. Schwartz
22 identified as the one he wants to use.

23 THE COURT: OK.

24 MS. MERMELSTEIN: Although we can conceivably do it at
25 the break.

I5T7GAL4

1 THE COURT: If we can do it at the break, thanks.

2 MS. TEKEEI: Your Honor -- oh.

3 (Continued on next page)

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I5T7GAL4

Anderson - Cross

1 (Jury present)

2 THE COURT: I know that was longer than 45 minutes,
3 and I apologize. We'll do better in the future.

4 Please be seated.

5 You may proceed, Mr. Touger.

6 TIMOTHY ANDERSON, resumed.

7 CROSS EXAMINATION (Continued)

8 BY MR. TOUGER:

9 Q. Good afternoon again.

10 A. Good afternoon.

11 Q. If you could put up 2027, government Exhibit 2027. It's in
12 evidence. Go to the second page of that.

13 Do you see what is before you, Mr. Anderson?

14 A. I do.

15 Q. And is that the distribution list for the title that it
16 says on top there?

17 A. Yes.

18 Q. Basically this is the distribution list for the bond lien.

19 A. A draft of it, yes.

20 Q. And I would be correct in saying that Raycen Raines is
21 there for the WLCC?

22 A. Yes.

23 Q. And Jason Galanis and Hugh Dunkerley on the representatives
24 for Burnham?

25 A. Yes.

I5T7GAL4

Anderson - Cross

1 Q. And you are there as a representative of Dilworth Paxson?

2 A. Yes.

3 Q. Because you are the attorney for who?

4 A. Placement agent.

5 Q. Which is?

6 A. Burnham Securities, Inc.

7 Q. And U.S. Bank is there?

8 A. They are.

9 Q. And U.S. Bank is what?

10 A. Trustee.

11 Q. Of the bond?

12 A. Yes, correct.

13 Q. And Greenberg Traurig is there, right?

14 A. Yes.

15 Q. And there are actually three lawyers mentioned there?

16 A. There are.

17 Q. And Greenberg Traurig is there for what reason?

18 A. They are issuer's counsel.

19 Q. WLCC's counsel?

20 A. WLCC's counsel.

21 Q. And Francisco Martin is there?

22 A. Yes.

23 Q. And Dr. Gary Hirst's name is there?

24 A. Yes.

25 Q. And they are there why?

I5T7GAL4

Anderson - Cross

1 A. On behalf of the annuity.

2 Q. The annuity provider?

3 A. Wealth Assurance.

4 Q. Is John Galanis' name on that document?

5 A. No.

6 Q. And Wealth Assurance is listed as the annuity provider, not
7 WAPC, right?

8 A. Correct.

9 Q. But John Galanis had told you that WAPC was going to be the
10 annuity provider, correct, Wealth Assurance Private?

11 A. No, it referred to as Wealth Assurance generally.

12 Q. OK. Now, Burnham was the underwriter for the bonds, right?

13 A. That were.

14 Q. What does the term underwriter mean?

15 A. Well, they're the placement agent on the bonds.

16 Q. And what does that mean, just so the jury is clear?

17 A. It's the investment banking entity that sells the bonds.

18 Q. Their job is to sell the bonds.

19 A. Correct.

20 Q. And Wealth Assurance was to be the annuity provider, right?

21 A. Correct.

22 Q. And what does the annuity provider do?

23 A. Provide the annuity contract.

24 Q. And WLCC was the issuer of the bonds, right?

25 A. Correct.

I5T7GAL4

Anderson - Cross

1 Q. And --

2 You can take that down.

3 Now, can we also agree that the Wakpamni Lake
4 Community was not a party to this action, that the WLCC was,
5 not the Wakpamni Lake Community.

6 A. WLCC was the issuer of the bond.

7 Q. And in fact in your opinion the Wakpamni Tribe couldn't
8 issue a bond because they are a governmental entity, correct?

9 A. Could you repeat that question.

10 Q. It was your opinion that the Wakpamni Tribe itself -- not
11 the WLCC but the tribe itself -- could not issue the bonds.

12 A. Oh, no, they could issue bonds.

13 Q. Do you remember being interviewed back in April 17, 2018?

14 A. That date, yes.

15 Q. May I approach?

16 THE COURT: Yes.

17 Q. We can read this together. Isn't it true that there you
18 wrote --

19 MS. TEKEEI: Objection, your Honor. This is improper.

20 THE COURT: Are you trying to refresh his
21 recollection?

22 MR. TOUGER: No, your Honor, just inconsistent
23 statement.

24 MS. TEKEEI: He has to establish first that that is
25 the case, your Honor.

I5T7GAL4

Anderson - Cross

1 MR. TOUGER: I tell you what, why don't you just read
2 that paragraph.

3 THE WITNESS: It says --

4 MS. TEKEEI: Your Honor, if the witness could be --

5 THE COURT: For the time being just without saying it
6 out loud, just read it and see if it refreshes your
7 recollection or not.

8 Q. Have you read that first paragraph?

9 A. I have.

10 Q. And does that refresh your recollection that you told the
11 government on April 17, 2018 that the Wakpamni Tribe is
12 considered a government entity, so a separate entity was
13 created to issue bonds. Government entities could not be
14 issued bonds.

15 A. It does not. And there is a document reference there.

16 Q. So we are in agreement that it was WLCC that issued the
17 bonds.

18 A. WLCC, correct.

19 Q. So the party at risk here was the WLCC.

20 A. As the issuer of the bonds, yes.

21 Q. Right. Now, last week I believe you stated that the WLCC
22 waived their immunity status, right?

23 A. With respect to the bond, yes.

24 Q. That's what I'm talking about.

25 A. Um-hum.

I5T7GAL4

Anderson - Cross

1 Q. But would you agree with me that it wasn't a total waiver;
2 it was a limited waiver?

3 A. Correct.

4 Q. And the only thing that WLCC was risking was the assets
5 that it got from the bonds?

6 A. Yes and no.

7 Q. OK, why don't you give more detail.

8 A. So, they were risking the revenue produced by those assets,
9 not the assets themselves. Someone couldn't take the warehouse
10 away.

11 Q. They couldn't take the warehouse.

12 A. Correct.

13 Q. They couldn't take the land.

14 A. Correct.

15 Q. What they were risking was the revenue that was produced by
16 that entity.

17 A. That's correct.

18 Q. And if it produced no money, profit, they weren't risking a
19 penny.

20 A. They were risking whatever revenue would be produced by
21 those warehouses -- or the warehouse.

22 Q. And if no revenue was produced, then they weren't risking
23 anything?

24 A. No other assets, correct.

25 Q. And at the time the WLCC had no assets, right?

I5T7GAL4

Anderson - Cross

1 A. I don't know. I don't know.

2 Q. It had no revenue from the warehouse, right?

3 A. Before it was built?

4 Q. Yes.

5 A. Correct.

6 Q. So when the WLCC signed onto this bond deal, they were only
7 risking the revenue they might get from this bond deal.

8 MS. TEKEEI: Objection.

9 THE COURT: Overruled.

10 A. The bond -- the loan under the bond -- was secured by
11 revenue from the warehouse.

12 Q. And if it -- again, if it generated no revenue, there was
13 nothing at risk to the WLCC?

14 A. From a revenue standpoint, no, correct.

15 Q. And also the bond paperwork itself stated that all lawsuits
16 brought on these bonds, if any, had to be brought in South
17 Dakota federal court, correct?

18 A. Yeah, with respect to any questions under the indenture.

19 Q. Right. Do you know of any lawsuits brought under these
20 bonds in South Dakota federal court?

21 MS. TEKEEI: Objection.

22 MR. TOUGER: All I'm asking is does he know.

23 MS. TEKEEI: Your Honor, it's hearsay.

24 THE COURT: Sustained.

25 Q. Have you received any documents about a lawsuit brought

I5T7GAL4

Anderson - Cross

1 regarding these bonds in a South Dakota federal court?

2 MS. TEKEEI: Objection.

3 THE COURT: Sustained.

4 Q. Are you counsel to the WLCC on any actions brought against
5 them in a South Dakota federal court regarding these bonds?

6 MS. TEKEEI: Objection.

7 THE COURT: I will allow that.

8 A. No.

9 Q. Are you counsel to Burnham on any actions brought on these
10 bonds in South Dakota federal court?

11 A. No.

12 Q. By the way, at some point you decided to become the lawyer
13 for Burnham, correct?

14 A. Correct.

15 Q. Burnham Securities. When I say Burnham in our discussions
16 I mean Burnham Securities.

17 A. Correct.

18 Q. And you were paid by Burnham Securities -- well, not you --
19 Dilworth Paxson was paid by Burnham Securities, right?

20 A. Correct.

21 Q. But you were not working for Burnham Securities as
22 "in-house counsel." You still remained employed by Dilworth
23 Paxson.

24 A. Correct.

25 Q. Could you describe to the jury what in-house counsel means.

I5T7GAL4

Anderson - Cross

1 A. In-house counsel is a type of representation where you
2 actually work as an employee of that entity, the corporate
3 entity, other entities.

4 Q. And again just so the jury is clear, that was not how you
5 worked in this case. You work for a law firm that was retained
6 by Burnham Securities to represent them.

7 A. That's correct.

8 Q. And you decided to work for Burnham because not only
9 because they wanted to hire you, but you thought that they
10 could give you more business in the future.

11 A. That was one consideration, um-hum.

12 Q. And when you went to work for Burnham, they knew you had a
13 prior relationship with WLCC, correct?

14 A. Correct.

15 Q. And they knew you knew Raycen Raines before?

16 A. Correct.

17 Q. And they knew you knew Steven Haynes before.

18 A. Correct.

19 Q. And they knew that you had worked on bond deals with the
20 WLCC before.

21 A. No, I had never worked on a bond deal for the WLCC.

22 Q. But other representation.

23 A. Correct.

24 Q. By the way, when you were working for Burnham in this
25 deal -- would you -- and this is a hypothetical question of

I5T7GAL4

Anderson - Cross

1 course -- but would you have allowed the deal to go forward
2 that was taking advantage of the WLCC?

3 MS. TEKEEI: Objection. Hypothetical.

4 THE COURT: Sustained.

5 Q. Well, let me rephrase the question then.

6 Burnham Securities knew you had represented -- as we
7 just went over -- WLCC before.

8 MS. TEKEEI: Objection.

9 THE COURT: Sustained.

10 Q. Jason Galanis and Hugh Dunkerley knew that you had
11 represented the WLCC before, as far as you know?

12 MS. TEKEEI: Objection. Lack of knowledge.

13 THE COURT: To your knowledge, do you know if Jason
14 Galanis and Hugh Dunkerley were aware that you represented the
15 WLCC before?

16 THE WITNESS: No, I don't know.

17 Q. And at some point Mr. Raines tells you that Greenberg
18 Traurig was going to represent the WLCC, correct?

19 A. Correct.

20 Q. And Greenberg Traurig is another one of these giant law
21 firms, correct?

22 A. They are large, yes.

23 Q. And they have over 2,000 lawyers in 38 different locations.

24 MS. TEKEEI: Objection.

25 THE COURT: Overruled.

I5T7GAL4

Anderson - Cross

1 A. I don't know that, but I wouldn't be surprised if that's
2 the number.

3 Q. And again, like Dilworth Paxson, they are equipped to
4 represent clients, corporations, in any different facet of a
5 deal.

6 MS. TEKEEI: Objection.

7 THE COURT: I will allow that.

8 A. They have a very strong reputation as a full service law
9 firm.

10 Q. And you knew that they would take -- WLCC was well
11 represented by having Greenberg Traurig as their attorneys.

12 MS. TEKEEI: Objection.

13 THE COURT: Just based on your understanding.

14 A. Yeah, they have a very good reputation.

15 Q. And as a matter of fact at that time you knew -- withdraw
16 that question.

17 Heather Thompson was a lawyer for Greenberg Traurig,
18 correct?

19 A. Correct.

20 Q. And at the time you knew that she had a personal
21 relationship with Raycen Raines, right?

22 A. At what time?

23 Q. When they became the lawyer for WLCC.

24 A. I don't know if I knew that was her name at the time. I
25 knew there was -- I knew there was a female attorney at

I5T7GAL4

Anderson - Cross

1 Greenberg.

2 Q. That Raycen Raines had a relationship with.

3 A. Had an interest.

4 Q. And you later learned it was Heather Thompson.

5 A. Correct.

6 Q. And Heather Thompson worked on this case.

7 A. She did.

8 Q. Isn't it also true that you now know that Raycen Raines and
9 Heather Thompson got married.

10 A. I heard that.

11 Q. And so again -- and Heather Thompson is also part Native
12 American; is she not?

13 A. That's my understanding.

14 Q. So you felt quite comfortable with your former client being
15 represented by Greenberg Traurig.

16 A. Yes.

17 Q. You weren't having second thoughts about leaving them and
18 representing Burnham.

19 A. No.

20 Q. And you had done your due diligence on Burnham, correct?
21 You reviewed their website?

22 A. Correct, I reviewed their website.

23 Q. And you knew it had a historic background?

24 A. Historic background, what type of deals they had done.

25 Q. And that's why you wanted to work with them, because they

I5T7GAL4

Anderson - Cross

1 were a big entity that you thought you could get other business
2 from.

3 A. That was one of the considerations.

4 Q. And you also knew that Wealth Assurance was going to be
5 involved in this deal as the annuity provider, right?

6 A. At what point?

7 Q. At some point.

8 A. At some point, yes.

9 Q. And could you pinpoint the moment you knew that? I doubt
10 you could, but if you could, that's wonderful.

11 A. I can't pinpoint it. There was a point I received
12 background information on the annuity, and the annuity listed
13 Wealth Assurance as the entity providing.

14 Q. And when you saw that, you remembered the document you had
15 previously seen about Wealth Assurance, right?

16 A. I believe that document was a response to a request for
17 information about the annuity.

18 Q. So at that point you put the two together, right?

19 A. Right.

20 Q. And this was a large insurance company?

21 A. It appeared to be.

22 Q. And would I be correct to say that as the deal got closer
23 and closer to closing, your involvement in the deal ratcheted
24 up?

25 A. Yes.

I5T7GAL4

Anderson - Cross

1 Q. And it became much more of a daily and weekly part of your
2 work.

3 A. Certainly weekly, um-hum, yes.

4 Q. And your job as Burnham's attorney was really to -- one of
5 your jobs, I should say, was to coordinate the deal between all
6 of the parties, right?

7 A. Correct.

8 Q. And you also had the responsibility of writing certain of
9 the documents.

10 A. Yeah, drafting, reviewing certain documents.

11 Q. That was my next question. And your other job besides
12 writing documents, if you didn't write them, you were reviewing
13 the documents --

14 A. Correct.

15 Q. -- that were important to the bonding.

16 A. The bond documents.

17 Q. And a lot of them have been placed into evidence by the
18 government already, right? The trust indenture, those types of
19 documents.

20 A. Yes.

21 Q. I would like to discuss now the annuity contract. Do you
22 remember the annuity contract?

23 A. I do.

24 MR. TOUGER: If you could bring up -- for the first
25 bonding, Exhibit 200, that's it right there.

I5T7GAL4

Anderson - Cross

1 Q. Now, the annuity contract you have before you, this is for
2 the first bond series, correct?

3 A. I don't see a date on there, but gauging but the amount,
4 \$25 million.

5 Q. I was going to say, gauging by the amount, you know it's
6 the first bond series, correct?

7 A. Correct.

8 Q. And it says that Wealth Assurance Private Client Corp.
9 would be the annuity provider, right?

10 A. Correct.

11 Q. And we'll refer to that as WAPC, W-A-P-C, if you don't
12 mind.

13 A. OK.

14 Q. OK. And this is the contract that controls the annuity,
15 correct?

16 A. Correct.

17 Q. And would I be correct in saying to your knowledge that
18 WAPC is an affiliate of WAHY?

19 A. Yes.

20 Q. And would you please read the line under the address of
21 home office. It starts with nonparticipating.

22 A. "Nonparticipating - Dividends will not be paid on the
23 contract."

24 Q. Keep going.

25 A. "The dollar amount of any payments and values under this

I5T7GAL4

Anderson - Cross

1 contract which are based on investment results of the separate
2 account are variable and not guaranteed."

3 Q. OK, stop there. Can we agree from that language that
4 according to this contract none of the payments to the WLCC as
5 far as the interest payments were guaranteed?

6 A. Based upon what that says, yes.

7 Q. Yes. And this is the one that's signed by Hugh Dunkerley
8 and went into effect, right?

9 A. Correct.

10 Q. And can we go to the second page now. Can you read the
11 first paragraph of the second page starting with "account
12 values" sort of three and a half lines down.

13 A. If I have the right spot, "Account values under the
14 contract are based on the investment experience of a separate
15 account established under the contract."

16 Q. Keep going.

17 A. "These values may increase or decrease in amount.
18 Investments of funds held in the separate account may be made
19 in non-U.S. entities as well as U.S. entities. The assets in
20 the separate account may be adversely affected by changes in
21 foreign governments, and other economic and political events,
22 which might not affect U.S. investments or entities, and by
23 fluctuations in the value of foreign currency."

24 Q. OK. So, basically -- and again correct me if I'm wrong --
25 the proceeds of the bond, the money that came in when the bonds

I5T7GAL4

Anderson - Cross

1 are purchased, were supposed to go to a separate account at
2 WAPC.

3 A. Yes.

4 Q. OK. You have to say yes.

5 A. Sorry.

6 Q. And all that means is that WAPC had to keep a separate
7 account for this transaction as opposed to any other funds that
8 it was managing at the time, right?

9 A. That's what it appears to say, yes.

10 Q. And just so the jury understands what that means, it's sort
11 of, for instance, if somebody had an account at E-Trade, that
12 your money should not be mixed with the other investors who
13 have accounts at E-Trade.

14 A. I don't know enough about E-Trade but...

15 Q. It's a separate account.

16 A. Correct.

17 Q. All that means is that they shouldn't mesh the money with
18 other people's money, right?

19 A. Correct.

20 Q. And the funds should be invested if there are profits.
21 And, importantly, only if there were profits would the WLCC
22 then get their payments. Right?

23 A. Based upon the reading of that paragraph.

24 Q. Right. And all the parties involved -- the WLCC, Greenberg
25 Traurig, everybody that was involved with WLCC -- had access to

I5T7GAL4

Anderson - Cross

1 this document.

2 A. Correct.

3 Q. And Greenberg Traurig reviewed this document.

4 A. I don't know.

5 Q. Well, you sent it to them.

6 A. I sent it to them, yes.

7 Q. You don't know if they actually did review it.

8 A. Right.

9 Q. But you would think that they did.

10 A. Correct.

11 Q. You didn't hide the document from them.

12 A. No.

13 Q. And all the parties also understood that the bond proceeds
14 were going to be invested in private equity, right?

15 MS. TEKEEI: Objection.

16 THE COURT: Sustained.

17 Q. Did you understand that the bond proceeds were going to be
18 invested in private equities?

19 A. Yes.

20 Q. And do the documents that were involved in the bond deal
21 say the proceeds were going to be invested in private equity?

22 A. I don't believe so.

23 MR. TOUGER: Well, can we put up Government Exhibit
24 210. And if you go to schedule A -- Exhibit A, I should say.
25 Yes.

I5T7GAL4

Anderson - Cross

1 Q. Now, that's the statement of investment objectives, right?

2 A. It is.

3 Q. And again this document was made available to everybody in
4 the deal.

5 A. Correct.

6 Q. And it specifically states that the WLCC would suggest the
7 manager invest in situations that may be overlooked by others,
8 including in companies suffering from capital markets
9 dislocation, financial distress, complexity or negative market
10 sediment. To secure the best investments, the manager is
11 instructed to take a variable approach to sourcing and
12 structuring investments and be involved in the multi-faceted
13 transactions, including investments through the bankruptcy
14 process. The manager whenever possible will give preference to
15 investments in the financial services sector."

16 Do you see that there?

17 A. I do.

18 Q. And the "we" there in the beginning of that paragraph is
19 the WLCC, right?

20 A. I don't know that.

21 Q. Well, who else would it be?

22 A. Well, this is an exhibit to the equity -- the --

23 Q. You have to speak louder.

24 A. This is an exhibit to the investor management agreement. I
25 am not sure how they are defined.

I5T7GAL4

Anderson - Cross

1 Q. Whose money was being invested?

2 A. Wakpamni's money was being invested.

3 Q. And would you agree with me that they are value oriented
4 investors?

5 A. That they are?

6 Q. That they are the value oriented investors that this line
7 is talking about.

8 A. Yes, um-hum.

9 Q. And would you also agree with me that the idea was to find
10 companies that were selling low with a possible big upside?

11 A. Yes.

12 Q. That's the idea, right?

13 A. As private equity, yes.

14 Q. And that's private equity.

15 A. Right.

16 Q. Would you also agree with me that this is a risky method of
17 investment?

18 A. I don't know that. I don't know enough about private equity
19 myself.

20 Q. OK.

21 A. I know it has higher returns than other types, so
22 presumably it's higher. And earlier --

23 Q. Presumably it's a higher risk.

24 A. Yes. And when you had mentioned the bond documents, I
25 thought you were referring to the trust indenture and those

I5T7GAL4

Anderson - Cross

1 sort of core bond documents. I would consider these the
2 annuity documents, in response to your question.

3 Q. And if we could go to paragraph 12. I believe it's on
4 page -- paragraph 12 is acknowledgment of investment risk.
5 Correct?

6 A. Yes.

7 Q. In that paragraph the client -- who is the client?

8 A. I believe that is Wakpamni.

9 Q. Right, WLCC?

10 A. WLCC, correct.

11 Q. "The client understands that the value of investments made
12 for the account may go down as well as up and is not
13 guaranteed." That's what it says right there in the document?

14 A. Um-hum.

15 Q. So again, you gave this document to Greenberg Traurig.

16 A. Correct.

17 Q. And, as far as you know, you have no reason to doubt that
18 they reviewed this document.

19 A. None.

20 Q. So basically if the private equity investments didn't
21 profit, the deal wasn't going to work, right?

22 A. If Wealth Assurance could not satisfy the repayment
23 schedule, correct.

24 MR. TOUGER: Could we go to Government Exhibit 201.

25 Q. What is this document?

I5T7GAL4

Anderson - Cross

1 A. This is another annuity contract. There is no date on the
2 cover. It's hard to tell which transaction it relates to, but
3 this is an annuity contract relating to Wakpamni Lake Community
4 Corporation.

5 Q. Right. And can we go to page 11 -- sorry -- paragraph 11.
6 Sorry, there is no page 11.

7 I will come back to that. I can't find it right now.

8 Now, you also knew that some of the funds were going
9 to -- some of the funds from the bond money that came in were
10 going to purchase Valor, right?

11 A. No.

12 Q. You didn't know that?

13 A. No.

14 Q. OK. So basically the deal, the way it worked out
15 ultimately -- August comes, the deal closes, right -- finally
16 gets to closing.

17 A. Correct.

18 Q. And the way it worked out is the WLCC would get \$2.25
19 million right off the top.

20 A. Correct.

21 Q. And they were to use that to build a warehouse.

22 A. Correct.

23 Q. Burnham would get \$250,000 as the placement agent.

24 A. Correct.

25 Q. And is that a normal fee within the realm of the market

I5T7GAL4

Anderson - Cross

1 rate for that?

2 A. Yes.

3 Q. And there were some incidental payments. For instance,
4 Greenburg Traurig got \$75,000. Do you remember it, or should I
5 refresh your recollection?

6 A. You would have to show me. I don't know specifically what
7 they got.

8 MR. TOUGER: Can we show him schedule B. One second.
9 Government Exhibit 214, schedule B.

10 Q. Does that refresh your recollection that Greenberg Traurig
11 got \$75,000?

12 A. It does.

13 Q. And they got that for representing the WLCC.

14 A. Correct.

15 Q. They got their legal feels paid out of the bond money.

16 A. Correct.

17 Q. And Dilworth Paxson made \$97,000.

18 A. Correct.

19 Q. And so you got your legal fees paid out of the money from
20 the bonds, right?

21 A. Correct.

22 Q. And Burnham got their placement agent fee, which was
23 \$250,000.

24 A. Correct.

25 Q. And Haynes Investments got \$60,000. Do you see that?

I5T7GAL4

Anderson - Cross

1 A. Correct.

2 Q. What did Haynes do to get that money?

3 A. That was their payment for developing, being the developer
4 on the project, for coordinating the building of the warehouse.

5 Q. It was \$60,000 to coordinate the building of the warehouse.

6 A. Correct, to be the developer on the warehouse project.

7 Q. It doesn't include the two and a quarter million he was
8 going to get to build the warehouse.

9 A. I believe the \$2.2 million was the actual building of the
10 warehouse itself.

11 Q. Which he did, right?

12 A. He did, yes, um-hum.

13 Q. And then Russo & Russo and Slania got \$6500.

14 A. Correct.

15 Q. And they got that because they were the trustee counsel.

16 A. Correct.

17 Q. That's U.S. Bank, right?

18 A. Correct.

19 Q. And it's the remaining funds that were left over after
20 those payments were made that were sent to WAPC to put in the
21 annuity.

22 A. Correct.

23 Q. And once that money got into the annuity, the bond deal
24 basically closed, right?

25 A. That's correct.

I5T7GAL4

Anderson - Cross

1 Q. Everything was done as supposed to?

2 A. At the closing date.

3 Q. And again can we agree that in your mind there was nothing
4 illegal about what happened in this deal at that point?

5 A. Correct.

6 Q. And again you would not have involved yourself in any type
7 of illegal conduct.

8 A. Correct.

9 Q. And we also can agree though that the investment was risky.

10 A. I don't know how to define that.

11 Q. We can agree that everybody knew the annuity could go up or
12 the annuity could go down.

13 MS. TEKEEI: Objection.

14 THE COURT: Sustained.

15 Q. Well the paperwork says the annuity could go up or the
16 annuity could go down.

17 A. Based upon the provision you pointed out, yes.

18 Q. Can we go to Government Exhibit 1312. This is an e-mail
19 that you discussed on direct, correct?

20 A. Yes.

21 Q. And the parties to this e-mail came from John Galanis,
22 right?

23 A. It did.

24 Q. And it went to Jason Galanis, right?

25 A. It did.

I5T7GAL4

Anderson - Cross

1 Q. You?

2 A. Yes.

3 Q. Steven Haynes?

4 A. Correct.

5 Q. And I believe you said the last e-mail was that of a man
6 named Michael Murphy.

7 A. Correct.

8 Q. And at this time when this e-mail is sent -- which is
9 August 4, 2014 -- you were the lawyer for Burnham, right?

10 A. Correct.

11 Q. Jason is obviously working on the deal for his relationship
12 in Burnham, right?

13 A. Correct.

14 Q. Steven Haynes is the one who is going to build the
15 warehouse, right?

16 A. Correct.

17 Q. And Michael Murphy is a friend of John's.

18 A. Correct.

19 Q. And John starts this e-mail by saying "Hear me, my chiefs."
20 right?

21 A. Yes.

22 Q. And if you go to the attachment to the e-mail, I believe
23 you described what is attached as marketing materials of
24 Burnham.

25 A. Yes.

I5T7GAL4

Anderson - Cross

1 Q. And this document itself was not significant at all to the
2 actual bond deal.

3 A. No.

4 Q. I think, as a matter of fact, you said you didn't even read
5 it.

6 A. Correct.

7 Q. And I believe you stated last week that it seemed to be a
8 document to be used to get some new business in the future.

9 A. Correct.

10 Q. And in your mind that's what John's role was, to get new
11 business for Burnham, right?

12 A. Yes.

13 Q. So, it wouldn't be surprising that he was on that document.

14 A. Correct.

15 Q. And would you agree with me that it's common in the
16 financial transaction business world that if someone recruits
17 new business for an investment bank, that they would receive a
18 commission on that deal?

19 MS. TEKEEI: Objection.

20 THE COURT: Sustained.

21 Q. To your knowledge, is that a common practice?

22 MS. TEKEEI: Objection, your Honor.

23 THE COURT: Why don't you rephrase that question.

24 Q. Well, you brought them many financial transactions,
25 correct?

I5T7GAL4

Anderson - Cross

1 A. I have.

2 Q. And not all of them were your idea, correct?

3 A. Correct.

4 Q. And in your years and years of experience on working on
5 financial transactions, is it common in your knowledge that
6 people who bring ideas, who start the idea, who genesis the
7 idea, and bring it to a financial investment bank like Burnham,
8 get a commission from that bank to bring the deal to them?

9 MS. TEKEEI: Objection.

10 THE COURT: Can you answer that?

11 THE WITNESS: Generally, yes.

12 THE COURT: OK. So why don't you answer it generally,
13 based on your knowledge.

14 A. Yes, in the financial industry investment banks do
15 compensate people who are helpful to them.

16 Q. Right, that's all I asked.

17 And isn't it also true that because of John's role, in
18 the beginning of this deal you had assumed that he would
19 receive a commission from either Burnham or Jason?

20 A. I did not.

21 Q. Let's go back. Were you interviewed by the government on
22 November 28, 2017?

23 A. Yes.

24 MR. TOUGER: May I approach the witness again, your
25 Honor?

I5T7GAL4

Anderson - Cross

1 THE COURT: Yes.

2 Q. The part that's underlined. So, can we agree that back on
3 November 28, 2017, that you told the government that you
4 assumed Yanni, John Galanis, was getting a commission from
5 Burnham or from Jason Galanis?

6 A. I don't recall it that way.

7 (Continued on next page)

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I5TJGAL5

Anderson - cross

1 Q. Again you remember it different from what the government
2 put down in their notes?

3 MS. TEKEEI: Objection.

4 THE COURT: Sustained.

5 BY MR. TOUGER:

6 Q. Now, I believe you talked about on direct that there were
7 many different deals being discussed during this time period,
8 right?

9 A. Yes.

10 Q. There was the winery deal? There was the fire station
11 deal?

12 A. Yes.

13 Q. There was I believe you said a medical clinic deal?

14 A. Yes.

15 Q. And there were other deals also, right? Wasn't there a
16 life insurance deal also?

17 A. Yes. Propane.

18 Q. And propane deal?

19 So many deals were being discussed, right?

20 A. They were.

21 Q. And for each of these deals, the problem that always came
22 down to finding people that would buy, would invest in these
23 deals that would buy the bonds for that deal?

24 A. Among other issues.

25 Q. Right, but that was a major issue, would people buy the

I5TJGAL5

Anderson - cross

1 bonds supporting this deal?

2 A. It was a major issue, yes.

3 Q. And again the target market for these deals was always
4 pension funds, due to their socially responsible requirement?

5 MS. TEKEEI: Objection.

6 THE COURT: Do you know the answer to that based on
7 your experience in this deal?

8 THE WITNESS: I do not.

9 THE COURT: Then you can move on.

10 BY MR. TOUGER:

11 Q. I am moving on to a different subject.

12 Can we also agree that you and Raines and Mr. Haines
13 to a certain extent were anxious once we got into July and
14 August to get this deal consummated?

15 MS. TEKEEI: Objection.

16 THE COURT: Sustained.

17 BY MR. TOUGER:

18 Q. Were you, when it got into July and August, anxious to get
19 this deal consummated?

20 A. I don't believe anxious is the correct word for it. I was
21 hopeful for the project.

22 Q. You wanted to get it done already, right?

23 A. Sure, yes.

24 Q. And because everything was basically done on the deal, the
25 paperwork was all written, everybody agreed to it, the problem

I5TJGAL5

Anderson - cross

1 was finding buyers for the bonds, right?

2 A. There were gaps in the documents together, and they needed
3 to be finalized.

4 Q. You needed to find buyers, right?

5 A. Correct.

6 Q. Burnham needed to do their job?

7 A. Correct.

8 Q. Ultimately, at some point Jason Galanis told you he had
9 found buyers for the bonds?

10 A. Correct.

11 Q. If you can remember, and only if you can remember, do you
12 know approximately when this happened?

13 A. I'd say August, mid-August, some part of August.

14 Q. Sometime in August before the bonds were actually --

15 A. Correct.

16 Q. -- bought?

17 A. Correct.

18 Q. Would I be correct in saying you're not aware how the
19 buyers got selected?

20 A. Correct.

21 Q. That is not part of your jurisdiction in this deal, right?

22 A. Correct.

23 Q. Would I also be correct in saying that you had no idea of a
24 relationship between Michelle Morton and Jason Galanis other
25 than they were both working on this deal?

I5TJGAL5

Anderson - cross

1 A. Correct.

2 Q. Jason Galanis told you that a firm named Hughes Capital
3 Management, which was run by Michelle Morton, had a few pension
4 fund clients who were going to buy the bonds?

5 A. Correct.

6 Q. And Jason Galanis provided you with a letter that stated
7 each of the pension funds wanted to purchase the bonds?

8 A. Correct.

9 Q. And that came attached to an email to you, correct?

10 A. Correct.

11 Q. And who received that email?

12 A. I don't know who all the other parties were. I received
13 it.

14 Q. Okay. Would you put up Government Exhibit 1268.

15 A. Okay.

16 Q. This is after the closing, correct?

17 A. I don't recall the closing date offhand, but I believe this
18 is before the closing date.

19 Q. Okay. Now, who received this email?

20 A. I received it and Michelle Morton received it.

21 Q. If you go to Page 2 of that. These are a list of all the
22 pension funds that bought the bonds, right?

23 A. Correct.

24 Q. Did John Galanis receive this email?

25 A. I don't know.

I5TJGAL5

Anderson - cross

1 Q. Was he on the address to this email?

2 A. No.

3 Q. This letter that you got from Michelle Morton that Jason
4 Galanis showed you, did the pension fund sign that they agreed
5 that they would buy the bonds, or did Michelle Morton sign the
6 letter?

7 A. Michelle Morton signed on their behalf.

8 Q. On behalf of the pension funds, right?

9 A. Correct.

10 Q. You found that a little odd, didn't you?

11 A. Not odd, but certainly not the usual.

12 Q. Certainly not the usual course of events, right?

13 A. Correct.

14 Q. Usually the pension funds themselves would sign? Are these
15 called big boy letters?

16 A. Big boy or investor letter.

17 Q. Would you describe for the jury what that is.

18 A. Sure. It is an letter from the investor stating they are,
19 among other things, a sophisticated investor and they're aware
20 of the risks and they know how to analyze the investments.

21 Q. Usually in the normal course of events, the pension funds
22 themselves would sign that type of letter?

23 A. Correct, yes.

24 Q. And in this case, Michelle Morton signed on behalf of the
25 pension funds?

I5TJGAL5

Anderson - cross

1 A. She did.

2 Q. And you asked Jason Galanis about that, in fact, right?

3 A. I did.

4 Q. And he told you that she signed because she has permission
5 to sign on their behalf?

6 A. Correct, based upon their guidelines.

7 Q. You believed Jason when he told you that?

8 A. I did.

9 Q. You didn't do any due diligence on your part to confirm
10 that statement, did you?

11 A. No.

12 Q. You trusted the word of Jason Galanis?

13 A. I trusted the word of Jason Galanis, and the purpose of the
14 letter is to establish they were sophisticated parties, and by
15 the looks of the names, I was able to come to a reasonable
16 conclusion that they were.

17 Q. Because they were pension funds?

18 A. They were large institutions, yes.

19 Q. By the way, do you happen to know -- if you don't, that is
20 fine -- do you happen to know the percentage of each pension
21 fund's investments into this bond deal? Do you understand my
22 question?

23 A. I don't.

24 Q. Just to make it easier, if I have a million dollars and I
25 invested a million dollars -- \$2 million and I invest a million

I5TJGAL5

Anderson - cross

1 of it, I invested 50 percent of my assets into this deal,
2 right?

3 A. Correct.

4 Q. Do you happen to know each pension fund's percentage of
5 what they invested as what is in their total pension fund?

6 A. No, I don't.

7 Q. You didn't look into that, either?

8 A. No.

9 Q. Because again that wasn't your bailiwick, right?

10 A. Correct.

11 Q. It wasn't your job?

12 A. Correct.

13 Q. Now, when the deal finally gets done, right, you had either
14 written or reviewed all the documents pertaining to the bond
15 deal, right?

16 A. Correct.

17 Q. It was your opinion, as Burnham's counsel, that no
18 securities laws were violated in the bond deal itself?

19 A. Correct.

20 MS. TEKEEI: Objection.

21 THE COURT: Sustained.

22 MS. TEKEEI: Your Honor, we move to strike the answer.

23 THE COURT: Let's just have a sidebar.

24 (Continued on next page)

I5TJGAL5

Anderson - cross

1 (At sidebar)

2 MS. TEKEEI: Your Honor, Mr. Touger has now asked a
3 series of questions asking for Mr. Anderson's legal opinion on
4 various issues. He was not an expert witness. He is not an
5 expert. These questions are entirely improper. We're careful
6 where we are objecting. That is a line of questions entirely
7 improper with this witness. If he would like to notice an
8 expert and elicit expert testimony on any of these issues --

9 MR. TOUGER: He is a lawyer advising a client. I can
10 ask him if he thought his client was doing something illegal or
11 legal.

12 MS. TEKEEI: We disagree. If he wants to argue that
13 point to the jury later, he can deal with it then. This is not
14 the witness to be --

15 MR. TOUGER: I am not asking him if the deal is legal.
16 Is it, in you mind, when you advise your client, that
17 the deal was legal. It is totally two separately questions.

18 THE COURT: Strike the answer and I want you to ask
19 that specifically.

20 MR. TOUGER: Okay.

21 (Pause)

22 THE COURT: Let me just see the lawyers at sidebar for
23 one more minute. Thanks.

24 You started your cross-examination, Mr. Touger, and
25 asked a lot of questions. You start essentially trying to lay

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Anderson - cross

1 a foundation for this witness to be an expert, but in light of
2 the fact he was not listed as one, do you want me to advise the
3 jury he is not being called as an expert witness?

4 MR. TOUGER: If they want to make him an expert, I
5 will stipulate.

6 THE COURT: I don't think they want to.

7 MS. TEKEEI: We dealt with this already. He is not an
8 expert. We don't believe he is an expert in the general sense.
9 We are not calling him as a witness in the general sense.

10 THE COURT: Can he testify about his own understanding
11 of the deal and its legality?

12 MS. TEKEEI: My question is what is his understanding
13 relevant to that? It isn't what is relevant to this as he
14 testified on direct. His legal opinion was based on the
15 assumption that other parties were carrying out their
16 obligations under the contract.

17 The legal opinion doesn't say this is not a violation
18 of the securities laws. The legal opinion says that the WLCC
19 was duly authorized to issue these bonds, that the contracts
20 are properly executed, among other things, does not provide a
21 legal opinion as to the merits of the bond transaction, the
22 legality of the securities at issue.

23 He doesn't know, for example, what the defendants'
24 intentions were, so how can he possibly give an opinion as to
25 whether this was legal? He cannot. That is what they're

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Anderson - cross

1 trying to get him to do. It is improper.

2 MR. TOUGER: One of my questions, this particular
3 question, at the time that the bond deal closed, at that point
4 everything, in your opinion, was legal according to the law as
5 you know it. That is all.

6 If you want to give the jury a limiting instruction
7 that he is not saying, not performing your job, that is fine, I
8 have no problem with that. I don't see why I can't bring out
9 that he, when he was a witness involved in this action, he
10 thought he was doing everything legally and proper. That is
11 all I am bringing out. I have no problem if you want to tell
12 the jury he is not espousing the overall legality of it. That
13 is for you and them to decide.

14 MR. SCHWARTZ: I would just say they're definitely
15 going to ask their witnesses if they understood they were doing
16 something illegal. It seems to me to be their flip side to the
17 same issue.

18 MS. TEKEEI: They're members of the conspiracy. It is
19 a separate separate issue. If Mr. Touger and Mr. Schwartz want
20 to ask Mr. Anderson about the legal opinion that this witness
21 drafted and what that covered, that is in evidence. They can
22 do that. If they're asking him the ultimate legal
23 conclusion --

24 (Multiple voices)

25 THE COURT: One at a time.

I5TJGAL5

Anderson - cross

1 MS. TEKEEI: -- asking him the ultimate legal opinion
2 whether this transaction was a legal transaction, which is
3 exactly what Mr. Touger is asking, that is improper and he
4 opened on that. He opened on that theory and it is improper to
5 ask this witness that.

6 THE COURT: Can't he answer it based on his limited
7 knowledge? He doesn't have all the knowledge, right? That is
8 what your --

9 MS. MERMELSTEIN: That's right. Mr. Touger's
10 questions are improperly and misleadingly suggestive to the
11 jury that this witness can say this was illegal. He can't. If
12 he wants to -- he already said this 17 times so I really think
13 we should move on.

14 This witness said I would never advise someone to do
15 anything illegal. He can make the argument that he didn't
16 think he was doing anything wrong, so other people could have
17 said that, too. These continued questions are very clear
18 attempts to do what cannot be done, which is offer expert
19 opinion testimony from someone not an expert on a topic from
20 which opinion testimony would, in any event, not be
21 appropriate.

22 THE COURT: He is based on his involvement.

23 MS. MERMELSTEIN: That point has been made and these
24 questions are giving misleading impressions to the jury. That
25 is improper, suggesting --

I5TJGAL5

Anderson - cross

1 MR. TOUGER: I have asked him at each step and this
2 last question is at the last step. The bond is closed, the
3 money was sent. At this step we can agree that according to
4 your interpretation of the securities law, nothing was illegal.

5 MS. TEKEEI: That is completely improper. He is
6 interpreting the securities law.

7 (Multiple voices)

8 THE COURT: One at a time. One at a time.

9 MS. TEKEEI: Mr. Touger just said he would ask the
10 witness based on his interpretation of the securities laws.
11 That is what Mr. Touger said. That is an improper question to
12 put to this witness. If the question is based on your review
13 of these documents, did you believe that the WLCC was
14 improperly incorporated and could issue bonds, the witness can
15 probably answer that narrow question.

16 THE COURT: I will strike the last question and answer
17 and you can ask the question.

18 MR. TOUGER: I already asked and answered the
19 question.

20 THE COURT: Move on.

21 MR. TOUGER: My question, now that it is closed, just
22 the last question, when the deal is closed, in your mind, was
23 the deal legal in the way it was closed. That is the only
24 question left.

25 I don't understand why if I can ask the beginning part

I5TJGAL5

Anderson - cross

1 of the deal, right to issue the bonds and I also asked did
2 Burnham have the right to sell the bonds along the lines. The
3 last question was when the bond deal closed, at that point, in
4 your mind, had anything illegal transpired?

5 THE COURT: Yes.

6 MR. TOUGER: You can give the limiting instruction if
7 you want.

8 THE COURT: I don't want you to ask if anything
9 illegal transpired. Tell me how you want to rephrase it.

10 MR. TOUGER: At the point when the bond deal closed
11 and the money went to -- in your mind -- had everything gone
12 according to the paperwork that was outlined.

13 THE COURT: That I will allow.

14 MS. TEKEEI: That is fine.

15 (Continued on next page)

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I5TJGAL5

Anderson - cross

1 (In open court)

2 THE COURT: I will strike the last question and
3 answer, ladies and gentlemen. Just disregard it and you can
4 ask the revised question, Mr. Touger.

5 MR. TOUGER: Thank your Honor.

6 BY MR. TOUGER:

7 Q. At the point in time when the first series of bond deal
8 closed and the money was sent to WAPC, the insurance private
9 client as annuity provider, had all the actions of the WLCC
10 Burnham and those involved gone according to the documents that
11 you had written or reviewed?

12 A. Yes.

13 Q. Now, at some point Greenberg Traurig writes an opinion as
14 to the bond deal, correct?

15 A. Correct.

16 Q. Do you remember reading that letter?

17 A. Yes.

18 Q. What was the gist of that letter?

19 A. That the entity has the ability to issue bonds.

20 Q. The entity being WLCC?

21 A. WLCC, it had undertaken all actions necessary in order to
22 issue those bonds, that the documents that were executed were
23 authorized to be executed by the people who ultimately executed
24 them, I mean the president, secretary, treasurer, that the type
25 of project was one they could undertake. Those were the

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Anderson - cross

1 primary ones.

2 Q. You issued a similar letter on behalf of Burnham, correct?

3 A. I did.

4 Q. Now, was the lawyer you dealt most at Greenberg Traurig up
5 until this proposing of the first series of bonds Heather
6 Thompson?

7 A. I don't know that I can say the most.

8 Q. You certainly interacted with her on a routine basis?

9 A. Correct.

10 Q. Would you agree with me that the process leading up to the
11 closing was a very transparent process, that everyone shared
12 documents with each other?

13 A. They appeared to, yes.

14 Q. Would you also agree with me that the reason that the WAPC
15 became the annuity provider as opposed to WLCC was because of
16 the tax benefits that WAPC could have as opposed to if WLCC was
17 the annuity provider?

18 MS. TEKEEI: Objection.

19 THE COURT: Sustained.

20 BY MR. TOUGER:

21 Q. I believe you testified on direct just last week when she
22 was asking you the questions, that same question, so I will say
23 it again. The record, Page 183. As far as you know, the
24 reason that the WAPC became the annuity provider was there were
25 tax benefits to WLCC being the annuity provider?

I5TJGAL5

Anderson - cross

1 MS. TEKEEI: Objection.

2 THE COURT: One second.

3 (Pause)

4 THE COURT: Ms. Tekeei, look back at 183, Line 19, and
5 let me know if you have an objection.

6 MS. TEKEEI: Thank you.

7 (Pause)

8 MS. TEKEEI: Thank you, your Honor. We think it is
9 fine.

10 THE COURT: You can answer.

11 THE WITNESS: Yes.

12 MR. TOUGER: Thank you.

13 BY MR. TOUGER:

14 Q. And I believe you have already stated, but just so the jury
15 is clear, you had no role in finding the investors for the
16 bonds?

17 A. Correct.

18 Q. And you did no due diligence on that part of the deal?

19 A. Correct.

20 Q. Because that was not what you needed to do to complete your
21 task?

22 A. Correct.

23 Q. Your role in the deal was to write or review the bond
24 documents themselves?

25 A. Correct.

I5TJGAL5

Anderson - cross

1 Q. Would you agree with me that before the bond deal occurred,
2 that the WLCC already had -- well, withdrawn. The WLCC had bad
3 credit already?

4 MS. TEKEEI: Objection.

5 BY MR. TOUGER:

6 Q. In your mind, from the information you had?

7 THE COURT: Based on the information you had?

8 THE WITNESS: I wouldn't know how to describe bad
9 credit or good credit. It wasn't a AAA credit. It wasn't San
10 Francisco or something.

11 BY MR. TOUGER:

12 Q. Isn't it, in fact, in April 12, 2018, you describe their
13 credit as bad to the government?

14 A. In comparison to other issuers.

15 Q. Okay. Can we agree that unlike you, who only had a
16 specific realm of responsibility, Jason Galanis had a much
17 broader realm of responsibility --

18 MS. TEKEEI: Objection.

19 Q. -- as far as you knew?

20 THE COURT: Why don't you rephrase that.

21 BY MR. TOUGER:

22 Q. As far as you know, Jason Galanis was involved in every
23 aspect of this deal?

24 MS. TEKEEI: Objection.

25 THE COURT: Sustained.

I5TJGAL5

Anderson - cross

1 BY MR. TOUGER:

2 Q. Was Jason Galanis involved in finding the investors for
3 this deal?

4 A. That is my understanding, yes.

5 Q. For instance, you did not know that Jason Galanis, who was
6 your client, really, purchased Hughes Capital?

7 MS. TEKEEI: Objection.

8 Q. He didn't know --

9 THE COURT: One second. What is the basis for the
10 objection?

11 MS. TEKEEI: It is fine, your Honor. We withdraw the
12 objection.

13 THE COURT: You can answer it.

14 BY MR. TOUGER:

15 Q. Do you want me to repeat the question or do you have it?

16 A. To clarify, my client was Burnham Securities.

17 Q. And Jason Galanis was associated with Burnham Securities,
18 right?

19 A. No.

20 Q. You did not know that he had purchased Hughes Management,
21 right?

22 A. I don't recall that.

23 Q. By the way, you were asked on direct questions about the
24 groundbreaking ceremony in November?

25 A. Yes.

I5TJGAL5

Anderson - cross

1 Q. You told us you've never been?

2 A. Pretty close, pretty close.

3 Q. But even though it was really close, you went?

4 A. I did.

5 Q. You had no thinking it was going to be 80 degrees that day?

6 A. No.

7 Q. Why did you go?

8 A. Well, it was an important transaction and it was something
9 to be proud of, in my opinion, and I thought I had done a lot
10 of good and I wanted to be part of it.

11 Q. Would you agree with me that the people at the
12 groundbreaking ceremony were very excited about this?

13 A. They were.

14 Q. It was a big celebration for the Wakpamni Community, wasn't
15 it?

16 A. Yes.

17 Q. Everyone was real happy about it?

18 A. Yes.

19 Q. And this was the first new building on the reservation in
20 over 30 years, right?

21 A. I don't know.

22 Q. So the groundbreaking in actual, the warehouse got built,
23 right?

24 A. To my knowledge, yes.

25 Q. This was, the WLCC had done exactly what it had been

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Anderson - cross

1 contracted to do, it brought economic development to the
2 Wakpamni Community, right?

3 A. The building got built, yes.

4 Q. And the bond deal made it all happen, right?

5 A. The building got built, yes, in part to the bond issue.

6 Q. By the way, Jason Galanis and John Galanis were not the
7 only Galanises involved in this deal, right?

8 A. Correct.

9 Q. There was another Galanis, Jared Galanis, also involved,
10 right?

11 A. Correct.

12 Q. And Jared Galanis had what role?

13 A. He was counsel to Wealth Assurance.

14 Q. Wealth Assurance? He was the attorney for Wealth
15 Assurance?

16 A. Correct.

17 Q. And you didn't find it strange or unusual that members of
18 the Galanis family were involved in this deal?

19 A. No.

20 Q. You didn't find it all strange or unusual that John was
21 referring deals to Jason?

22 A. No.

23 Q. Just like you didn't find it strange or unusual that
24 Heather Thompson had a relationship with Raycen Raines of
25 Greenberg Traurig, representing the WLCC?

I5TJGAL5

Anderson - cross

1 A. It was interesting, but not strange.

2 Q. But not strange, right?

3 By the way, you didn't even know Michelle Morton until
4 the closing of the deal, right?

5 A. Correct.

6 Q. And again because that information was not necessary for
7 you?

8 A. Correct.

9 Q. You had a job to do, and you completed that job?

10 A. Yes.

11 Q. Others involved in the deal had other jobs, right?

12 A. Correct.

13 Q. If they were not related to your role, it was not necessary
14 for you to know about them?

15 A. Correct.

16 Q. Would I be correct in saying that after the bond deal
17 closed, there were still ongoing discussions about other deals?

18 A. There were.

19 Q. Part of the reason of that is because everyone was pretty
20 happy about how the bond deal had worked out, right?

21 A. They were.

22 Q. I am sure you're going to agree with this one, every bond
23 deal, tribal deal is complex, right? Maybe I shouldn't be so
24 sure.

25 A. Well, to a degree, yes.

I5TJGAL5

Anderson - cross

1 Q. Things were always in flux and changing is what I mean by
2 that?

3 A. Yes, that is true.

4 Q. It wasn't like 2 plus 2 equals 4 on Monday, and on
5 Wednesday 2 plus 2 could equal 5 in this type of deal, right?

6 A. Correct.

7 Q. And your level of doing due diligence was limited by your
8 abilities, right?

9 A. By my role there, yes.

10 Q. And the Wakpamni deal was similar to other deals that you
11 had worked on, but the annuity concept was something new,
12 right?

13 A. The annuity concept was something new.

14 Q. But every bond deal has some type of credit enhancement of
15 some sort, right?

16 A. Not every, but many.

17 Q. To pay interest, you have to make money on a bond, right?

18 A. Correct.

19 Q. So the lump sum has to be increased, right?

20 A. You have to restate. I am sorry. I was getting confused.

21 Q. The proceeds of the bond deal, to pay out interest, have to
22 increase in value, otherwise you can't pay interest, right?

23 MS. TEKEEI: Objection, your Honor.

24 THE COURT: What is the basis of your objection?

25 MS. TEKEEI: Just generalized questioning, your Honor.

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Anderson - cross

1 It goes along the lines of what we discussed earlier at the
2 sidebar.

3 THE COURT: I will allow you to answer based on your
4 knowledge how the deal was structured.

5 THE WITNESS: In this deal, the security was derived
6 from the warehouse and annuity, the revenue help providing
7 repay the bonds.

8 BY MR. TOUGER:

9 Q. All the revenues you worked on, something had something to
10 produce revenue?

11 A. Had something to produce the revenue.

12 Q. This deal was no different than other tribal deals you had
13 worked on, that there were changes up until and including the
14 day of the closing, right?

15 A. That is a common occurrence, yes.

16 Q. As a matter of fact, in this deal some of the pension funds
17 wasn't liquid that day and there had to be a second closing,
18 correct?

19 A. That's correct.

20 Q. Would I also be correct in saying you weren't really
21 focused on the annuity investment part of the deal?

22 A. Correct. I am not an annuity expert.

23 Q. Right. That was not your role at all?

24 A. Correct.

25 Q. Did you at any time check to see if the annuity was meeting

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Anderson - cross

1 its financial goals?

2 A. What do you mean by, "checked"?

3 Q. Let me put it this way. In October of 2014, did you check
4 to see if the annuity had increased in value?

5 A. That early on, no.

6 Q. How about in November of 2015?

7 A. By November 2015, yes.

8 Q. Right, and as a matter of fact, the WLCC signed an addendum
9 to the annuity contract in November 2015, correct?

10 A. They did.

11 Q. In that addendum you stated they had reviewed the
12 investments made and found them to be consistent with the terms
13 negotiated and that the current market value of the securities
14 holdings for the contract are in excess of the issuer's
15 obligations set forth in the contract?

16 A. They stated that, yes.

17 Q. Yes. In the summer of 2016, moving forward a little bit
18 more, the bond deals were all done by this point, right?

19 A. Yes.

20 Q. And the monies had gone to Wealth Assurance, WAPC?

21 A. That was my understanding, yes.

22 Q. And your understanding is WAPC was making investments?

23 A. I don't really have an understanding at that time.

24 Q. You had no understanding at that point?

25 A. Yes.

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Anderson - cross

1 Q. Now I want to go back to the time period before the second
2 series of bonds, okay?

3 A. Okay.

4 Q. Can you agree with me that you have no memory today exactly
5 who called you first to say there was going to be a second
6 series of bonds?

7 A. I do have a memory.

8 Q. Who is the one you first got the call from?

9 A. For the second series of bonds, I got a call from both
10 Jason Galanis and Yanni Galanis on one call.

11 Q. One or both of them said we're going to do a second series
12 of bonds, right?

13 A. A second series of bonds has been green lit.

14 Q. That means?

15 A. Green lighted, maybe.

16 Q. Go ahead.

17 A. Yeah.

18 Q. And Jason Galanis said that they had additional buyers and
19 to get the documents ready, right?

20 A. Correct.

21 Q. And you didn't question this statement, either?

22 A. No.

23 Q. Again not your job?

24 A. Correct.

25 Q. And this telephone call came relatively soon after the

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Anderson - cross

1 first bond deal had closed, right?

2 A. Yes, within a week or two.

3 Q. And Jason Galanis told you that there was more demand for
4 socially responsible investments, right, and there were
5 additional buyers?

6 A. He said there was interest in a new series of bonds, yes.

7 I am not sure if he used social impact in that
8 conversation, but based upon the Wakpamni deal, there was
9 interest in buyers of buying more of those bonds.

10 Q. Raines also decided he could find a use for that money,
11 correct?

12 A. Yes.

13 Q. So he was on board to do a second series also?

14 A. Correct.

15 Q. So from those two conversations between Raines and Jason,
16 yourself -- and I am sure you talked to Greenberg Traurig, I
17 assume?

18 A. Yes.

19 Q. Everybody was on board with doing a second series of bonds?

20 A. Yes.

21 Q. You understood from those conversations that everybody was
22 pretty happy at that point how the first series of bonds had
23 gone?

24 MS. TEKEEI: Objection.

25 THE COURT: Sustained.

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Anderson - cross

1 BY MR. TOUGER:

2 Q. Did you question at all doing a second series of bonds, did
3 you personally?

4 A. No.

5 Q. Did you understand that the second series of bonds --
6 excuse me -- were going to be Burnham customers?

7 A. I did.

8 Q. You became aware of the buyers before the closing
9 presumably?

10 A. Yes.

11 Q. And Bevan Cooney was one of the purchasers?

12 A. Yes.

13 Q. And it is not uncommon or unusual that an individual as
14 opposed to a corporation would buy a bond?

15 A. No. They're permitted to buy bonds.

16 Q. Just like a corporation, they can buy bonds, right?

17 A. Correct.

18 Q. There is nothing unusual about that?

19 A. Correct.

20 Q. You spoke about on direct this morning about the payment of
21 a second series didn't come right away. Do you remember that?

22 A. I did.

23 Q. Isn't it true at that point you worked out an addendum that
24 the payment would be delayed and would be due in a year?

25 A. I believe it was worked out that it would be due by July

I5TJGAL5

Anderson - cross

1 1st of 2016.

2 Q. 2016, so it is a substantial delay in the payment?

3 A. Correct.

4 Q. And again this document was reviewed or written by you?

5 A. Reviewed or written, yes.

6 Q. And was reviewed or written by Greenberg Traurig?

7 A. Correct.

8 Q. You would presume reviewed by members of the WLCC?

9 A. Yes.

10 MS. TEKEEI: Objection.

11 THE COURT: Sustained. So strike that last question
12 and answer, please.

13 BY MR. TOUGER:

14 Q. And then at some point in March of 2015, there was the idea
15 to do a third series, right?

16 A. Correct.

17 Q. And that proposal again happened in March 2015, it there
18 was, in fact, a big lead-up to that?

19 A. March or April.

20 Q. Again the WLCC stated they had a need for more money,
21 right?

22 A. They had a project, yes.

23 Q. And you did not think that the debt that the WLCC was
24 taking on was too large, right?

25 A. No.

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Anderson - cross

1 Q. You spoke about DTC. Do you remember speaking about that
2 last week?

3 A. I do.

4 Q. Just so I know the jury might have heard it once, but just
5 quickly explain to them again what DTC is.

6 A. DTC is a digital platform as opposed to receiving a
7 physical bond. DTC allows you to get, receive that bond
8 electronically and then sell it electronically the way you do a
9 lot of things online.

10 Q. Would you agree with me that in your experience, that bonds
11 with Native American tribes or corporations are usually done in
12 a private placement?

13 A. Yes.

14 Q. Could you explain to the jury what a private placement is.

15 A. It means it is marketed to and sold to a select amount of
16 investors who are typically sophisticated, accredited
17 investors, banks or institutions.

18 Q. Basically they're not put on the open market; they're
19 individuals or pension funds are approached individually to buy
20 the bonds?

21 A. Institutions, yes.

22 Q. And when the bond deals actually close, there is already a
23 purchaser for those bonds already in line?

24 A. Correct.

25 Q. The fact that the bonds weren't DTC is sort of mitigated by

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Anderson - cross

1 the fact that this was a private placement, so people already
2 knew they were buying the bonds when they did?

3 MS. TEKEEI: Objection.

4 THE COURT: One second.

5 (Pause)

6 THE COURT: Sustained.

7 BY MR. TOUGER:

8 Q. Would you agree with me that, in your experience, the fact
9 that this was a private placement lowers the necessity for DTC?

10 MS. TEKEEI: Objection.

11 THE COURT: Sustained.

12 Q. By the way, the fact that bonds are not DTC doesn't make
13 them illegal?

14 MS. TEKEEI: Objection.

15 Q. In your experience?

16 THE COURT: Sustained.

17 BY MR. TOUGER:

18 Q. Have you worked on prior deals that were not DTC?

19 A. Yes.

20 Q. Nobody went to jail for that, right?

21 MS. TEKEEI: Objection.

22 THE COURT: Sustained.

23 BY MR. TOUGER:

24 Q. By the way, you put together a CD that contained all the
25 bond going back to the first series, all the bond documents for

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Anderson - cross

1 that deal, right?

2 A. I did.

3 Q. You sent that CD out to the relevant parties, right?

4 A. Based upon the distribution list, yes.

5 Q. And the distribution list that we went over before, right?

6 A. Correct.

7 Q. And as we noted before, John Galanis was not on that
8 distribution list?

9 A. He was not.

10 Q. Mr. Anderson, before today or even last Thursday when you
11 testified, you had never seen me before, right?

12 A. No.

13 Q. You had never spoke to me by telephone call or got an email
14 from me, right?

15 A. I did not.

16 Q. You had never gotten a telephone call or email or met
17 anyone representing John Galanis?

18 A. Me?

19 Q. Yes.

20 A. No, I did not.

21 Q. Before today you had never answered a question from me
22 about this case.

23 A. I did not.

24 Q. I would assume the answers are the same for Ms. Notari, you
25 never met her before, right?

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Anderson - cross

1 A. I have not.

2 Q. You don't know who she is, right?

3 MR. TOUGER: Ms. Notari, raise your hand.

4 BY MR. TOUGER:

5 Q. You never met that woman before?

6 A. I have not.

7 Q. Have you ever talked to her on the phone?

8 A. I have not.

9 Q. Have you ever answered any questions from her?

10 A. No.

11 Q. Relative to this case?

12 A. I have not.

13 Q. Mr. Schwartz, would you raise your hand. Ever met him
14 before?

15 A. I have not.

16 Q. You never met any of the those wonderful people sitting him
17 behind?

18 A. No.

19 Q. You never answered any questions from him before or any of
20 those people behind him?

21 A. No.

22 THE COURT: How much more do you have, Mr. Touger?

23 MR. TOUGER: Two pages.

24 THE COURT: How long will that take?

25 MR. TOUGER: 10 minutes.

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Anderson - cross

1 THE COURT: Why don't we take a break. We're going to
2 keep it really short today because we are ending a bit early
3 and I know it has been a short day. Let's keep it to five
4 minutes. Use the restroom, grab a cookie and we'll meet back
5 here. Thank you.

6 (Jury excused)

7 THE COURT: You may step down for a few minutes.

8 (The witness left the stand)

9 THE COURT: What do we need to resolve with respect to
10 other people's cross?

11 MR. SCHWARTZ: Only if the government continues to
12 have objections to the pages I have identified from Exhibit
13 1344. Otherwise, nothing from me.

14 MS. TEKEEI: Your Honor, Mr. Schwartz has marked a
15 page, we conferred during the last recess, a page of Government
16 Exhibit 1344 he would like to introduce as evidence. It is
17 banter between Mr. Anderson, and I can hand it up in a moment,
18 banter between Mr. Anderson and ending in --

19 MR. SCHWARTZ: Is that the only page you're objecting
20 to? I'll represent that is for impeachment, so that will only
21 be an issue if he contradicts himself.

22 MS. TEKEEI: I am happy to explain to the court, but
23 it is an exchange about a female --

24 THE COURT: Why don't I look at it while we take our
25 now four-minute break. There is nothing else with respect to

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Anderson - cross

1 this witness?

2 MR. SCHWARTZ: That is it.

3 THE COURT: Just run out. We'll meet back here. I
4 would like to just go for another hour and we have to end early
5 today. This is the last day this week we are starting late
6 tomorrow at 11:00, but not end early, so we'll get more done.

7 MS. TEKEEI: I amount sure Mr. Touger did not
8 intentionally do this, but he was speaking with a juror briefly
9 before we took the break. There was some exchange there.
10 Obviously, that is not allowed. I don't know if it was by
11 accident or in response to something. We don't believe he
12 should be doing that.

13 THE COURT: Were you talking to a jury about?

14 MR. TOUGER: (Inaudible).

15 THE COURT: Just don't interact directly with the
16 jurors.

17 MR. SCHWARTZ: When are we ending today?

18 THE COURT: At 4:40.

19 (Recess)

20 THE COURT: I am going to meet the lawyers at sidebar
21 while we bring in the jury. Go see if they're ready.

22 (Continued on next page)

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Anderson - cross

1 (At sidebar)

2 THE COURT: I didn't want to talk in front of the
3 witness. How do you intend to use any of this?

4 MR. SCHWARTZ: This is in context of the discussion,
5 we had conversations they had been between and business lawyers
6 and clients, and the question that will get this in if it comes
7 in as impeachment is whether he said some things the exact
8 opposite of what he believed. He doesn't believe that. That
9 is a pretty horrible thing to say, and he said it just to go
10 along and get along.

11 MS. TEKEEI: That is precisely the type of banter
12 excluded with respect to other emails, some of which the
13 defendants are on, for example, reference and other references
14 between the defendants that we have agreed to exclude and to
15 redact out of documents and emails. I don't think this is an
16 example of what Mr. Schwartz is saying it is. I am surprised
17 Mr. Touger is okay with this.

18 MR. TOUGER: This will be edited down further.

19 MR. SCHWARTZ: We don't need the picture.

20 MS. TEKEEI: Without that context, I still don't
21 understand what Mr. Schwartz is intending to get out with this.
22 There may be another witness to make this point, but I don't
23 think this is --

24 MR. SCHWARTZ: If the witness agrees with me he
25 sometimes says thing that are the exact opposite of what he

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Anderson - cross

1 believes, I won't have to get through is. If he pushes against
2 that proposition, then I think I am entitled to confront him.

3 MS. TEKEEI: There are so many other ways to confront
4 him. This is not --

5 MR. SCHWARTZ: Show me some other lie that he told,
6 something he said that was not true?

7 MS. TEKEEI: That question itself?

8 THE COURT: You all can be seated. Thanks.

9 MR. SCHWARTZ: Can we have one government lawyer
10 arguing for one issue?

11 MS. MERMELSTEIN: But there is so many of you.

12 MR. SCHWARTZ: No.

13 THE COURT: Let's not argue.

14 Why don't you finish your cross and I'll see you at
15 sidebar if he, in fact, says no to your question. It is fine
16 to ask the question. I am more troubled by the prejudice that
17 would come from some of these statements. Let's see how it
18 goes.

19 (Continued on next page)
20
21
22
23
24
25

I5TJGAL5

Anderson - cross

1 (In open court)

2 BY MR. TOUGER:

3 Q. Getting back to where you didn't know any of us, do you
4 remember that?

5 A. Right.

6 Q. On the other hand, these people sitting at this table, you
7 know them very well, right?

8 A. I do.

9 Q. You were interviewed by them at least a half dozen times,
10 right?

11 A. Five or six times, yes.

12 Q. During those interviews, some of them lasted well over an
13 hour, right?

14 A. Yes.

15 Q. Some of them lasted all day, right?

16 A. A long time, yes.

17 Q. During those interviews, they asked you literally hundreds
18 of questions?

19 A. Correct.

20 Q. And they showed you literally dozens and dozens of
21 documents?

22 A. Yes.

23 Q. And you answered all their questions to the best of your
24 abilities?

25 A. I did.

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Anderson - cross

1 Q. Would I be also correct in saying that when Ms. Tekeei was
2 asking you questions, none of her questions surprised you?

3 A. No.

4 Q. You had gone over your answer to each and every one of
5 those questions?

6 A. I had been asked them before, yes.

7 Q. That is my point.

8 A. Yes.

9 Q. And you gave the answers that you had given to her on other
10 occasions?

11 A. Correct.

12 Q. Whereas, when I asked you questions, you had never given me
13 those answers because I never had asked you the question
14 before?

15 A. Correct.

16 Q. Would I be correct in saying that they interviewed you just
17 twice last week before you testified? So now two weeks ago?

18 A. Yes.

19 Q. Would I also be correct in saying they interviewed you just
20 this past weekend?

21 A. When?

22 Q. Just this past weekend?

23 A. This weekend?

24 Q. On May 28th?

25 A. No.

I5TJGAL5

Anderson - cross

1 Q. So you have not talked to them this weekend?

2 A. No.

3 Q. They interviewed you last month also at three different
4 occasions?

5 A. Two or three.

6 Q. And they interviewed you back in November of 2017?

7 A. Yes.

8 Q. During those interviews, basically you went over the whole
9 history of this transaction, right?

10 A. I did.

11 Q. And Ms. Mermelstein, Mr. Quigley or Ms. Tekeei were there
12 for most of those interviews, right?

13 A. One of them, yes.

14 Q. At least one of them was there throughout those interviews,
15 right?

16 A. Correct.

17 Q. You went to those meetings, right?

18 A. I did.

19 Q. And you brought somebody with you, right?

20 A. Yes.

21 Q. You brought an attorney, right?

22 A. Yes.

23 Q. Who represented you?

24 A. Yes.

25 Q. And you hired that attorney to represent you, correct?

I5TJGAL5

Anderson - cross

1 A. I retained him, yes.

2 Q. That is what I meant. You paid him money?

3 A. No.

4 Q. He did it for free?

5 A. Yes, well, no. My prior law firm, representatives of my
6 prior law firm.

7 Q. Someone from Dillworth Paxson came with you?

8 A. Yes.

9 Q. Would I be correct in saying you have not been granted
10 immunity for any of your actions in this case?

11 A. No.

12 Q. Would you describe to the jury your idea of what immunity
13 is.

14 MS. TEKEEI: Objection.

15 THE COURT: Sustained.

16 BY MR. TOUGER:

17 Q. You have not been granted immunity, right?

18 A. No.

19 Q. Would I also be correct in saying to this day the
20 prosecution has not told you point blank that you're not going
21 to get indicted for anything?

22 MS. TEKEEI: Objection.

23 THE COURT: I'll allow that.

24 A. No.

25 BY MR. TOUGER:

I5TJGAL5

Anderson - cross

1 Q. But you're not really worried about being indicted, are
2 you?

3 A. No.

4 Q. Because, in your mind, you never did anything wrong, right?

5 A. No.

6 Q. You didn't commit any crimes?

7 A. No.

8 Q. Would I be correct in saying you worked on this deal from
9 the first day back during the Nevada convention until the last
10 day, the third tranche, the third series of bonds was done?

11 A. Yes.

12 Q. And you were intrinsically involved in the transaction
13 during that time?

14 A. I believe so, yes.

15 Q. And you wrote or reviewed every important document and some
16 unimportant documents, too, correct?

17 MS. TEKEEI: Objection.

18 THE COURT: Sustained.

19 BY MR. TOUGER:

20 Q. Did you write or review the documents that pertained to
21 each bond, series of bond sales?

22 MS. TEKEEI: Objection. It mischaracterizes his
23 testimony.

24 MR. TOUGER: If you want, I can go through each
25 document. It was a shorter way of shortening this.

I5TJGAL5

Anderson - cross

1 THE COURT: Why don't you rephrase it so you're making
2 sure you're only talking about things he was involved with.

3 BY MR. TOUGER:

4 Q. You wrote and reviewed the trust indenture on each bond
5 transfer, correct?

6 A. Yes.

7 Q. You wrote and reviewed the annuity contract on each bond
8 contract transfer, right?

9 A. Reviewed.

10 Q. I said wrote or reviewed?

11 A. Correct.

12 Q. You wrote or reviewed every memorandum that was signed in
13 this bond transfer, correct?

14 A. Memorandum?

15 Q. Yes. The addendum, I should say to the bond transfer?

16 A. I reviewed, yes.

17 Q. You wrote your own opinion letter on this bond deal,
18 correct?

19 A. Correct.

20 Q. And you reviewed Greenberg & Traurig's --

21 A. Yes, their opinion, yes.

22 Q. Their opinion letter, right?

23 And there were other documents that you wrote and
24 reviewed, correct?

25 A. Correct.

I5TJGAL5

Anderson - cross

1 Q. The documents that pertained to the actual sale of the
2 bonds, did you write or review each one of those documents for
3 each series of bonds series of bonds?

4 MS. TEKEEI: Objection; clarification.

5 THE COURT: Why don't you clarify that question.
6 Ladies and gentlemen, in case you're wondering, I have a rough
7 transcript here in front of me which is why I look at my screen
8 so often. Why don't you clarify that question, please.

9 MR. TOUGER: I think we have dealt with it enough.

10 BY MR. TOUGER:

11 Q. You were in intrinsically involved in this deal, right?

12 A. Yes.

13 Q. You represented Burnham Securities? That was your role?

14 A. Correct.

15 Q. And you worked closely with Jason Galanis during this deal?

16 A. Correct.

17 Q. You followed instructions from Jason Galanis during this
18 deal?

19 A. Correct.

20 Q. And you worked for Burnham Securities?

21 A. For Burnham Securities, yes.

22 Q. And you trusted words when it came to the sale of each
23 series from Jason Galanis?

24 A. Say that again.

25 Q. You trusted some statements that Jason Galanis made as the

I5TJGAL5

Anderson - cross

1 deal became closer and closer?

2 A. Correct, yes.

3 Q. And you communicated many ideas that Jason Galanis had to
4 Greenberg Traurig?

5 A. Yes.

6 Q. I believe you stated that in total, your ex-firm, Dillworth
7 Paxson, received approximately \$250,000 for your work?

8 A. Correct.

9 Q. And I assume you had people working with you?

10 A. Correct.

11 Q. Not just you, but other individuals at Dillworth Paxson?

12 A. That's right.

13 Q. All these payments that amounted up to that \$250,000, for
14 instance, the \$97,000 that came for the first series came out
15 of the bond proceeds?

16 A. Say that again.

17 Q. The payments to Dillworth Paxson, they were paid out of the
18 bond proceeds from each series of bonds, right?

19 A. At the closing on each bond transaction, we were paid out
20 of the bond proceeds, yes.

21 Q. You got paid for work that you actually did, correct?

22 A. Yes.

23 Q. You didn't fake any work, right?

24 A. No.

25 Q. If I asked you to provide little slips of paper that or

I5TJGAL5

Anderson - cross

1 computer generated slips of paper that account for every hour
2 you worked, you could do so?

3 A. I believe so, yes.

4 Q. You tried to do this work as diligently as you could?

5 A. Correct.

6 Q. You didn't just say hey, what the hell, and phone it in, so
7 to speak?

8 A. Correct.

9 Q. And we can agree that in your mind, as you said before,
10 you're not afraid of being indicted?

11 A. No.

12 Q. You got paid for your work on the bond deal which you did
13 to the best of your abilities?

14 A. Correct.

15 Q. The fact that others involved in the bond deal, including
16 Jason Galanis, did something illegal doesn't mean that you did
17 anything illegal, does it?

18 MS. TEKEEI: Objection.

19 THE COURT: Sustained.

20 BY MR. TOUGER:

21 Q. It doesn't mean in your mind you did anything illegal, does
22 it?

23 MS. TEKEEI: Objection.

24 THE COURT: Sustained.

25 MR. TOUGER: Nothing further, your Honor.

I5TJGAL5

Anderson - cross

1 THE COURT: All right, Mr. Schwartz.

2 CROSS EXAMINATION

3 BY MR. SCHWARTZ:

4 Q. Good afternoon.

5 A. Good afternoon.

6 Q. I have been silent all day. It feels like the morning.

7 Good afternoon, Mr. Anderson.

8 A. Good afternoon.

9 Q. You just reviewed a lot of things with the other two
10 lawyers. I am going to try not to cover the same ground. If I
11 do a little bit for context, I hope you will forgive me.

12 A. Sure.

13 Q. We haven't met before?

14 A. We have not, no.

15 Q. In fact, you have not ever met Devon Archer before, have
16 you?

17 A. I have not.

18 Q. You testified last week that you, "communicated with"
19 Mr. Archer. Is that right?

20 A. Correct.

21 Q. But you never spoke to Devon Archer in person, correct?

22 A. Correct.

23 Q. You never spoke to Mr. Archer on the phone, correct?

24 A. To my recollection, no.

25 Q. You never texted with Mr. Archer, correct?

I5TJGAL5

Anderson - cross

1 A. Correct.

2 Q. You were never on the same email with Mr. Archer, correct?

3 A. I believe I received emails from him.

4 Q. Well, you and your former law firm, Dillworth Paxson,
5 produces thousands of pages of documents to the government as
6 part of their work, correct?

7 A. Correct.

8 Q. And you and your lawyers at Dillworth Paxson did a very
9 thorough review of all of your files to make sure that the
10 government had everything that was relevant, correct?

11 MS. TEKEEI: Objection.

12 THE COURT: Just speak for yourself.

13 A. To my understanding, yes.

14 BY MR. SCHWARTZ:

15 Q. You gave your lawyers instructions to produce everything
16 that was relevant from your files, correct?

17 MS. TEKEEI: Objection.

18 THE COURT: Overruled.

19 A. Correct.

20 BY MR. SCHWARTZ:

21 Q. And you understand that all of those documents have been
22 produced to me and the other defense lawyers, correct?

23 A. Yes.

24 Q. Have you ever seen anywhere in those tens of thousands of
25 pages of documents any emails with you and Mr. Archer on them?

I5TJGAL5

Anderson - cross

1 A. I don't recall.

2 Q. In all of your sessions meeting with the government to
3 prepare for your testimony, were you ever shown an email with
4 you and Mr. Archer on them?

5 A. I recall receiving a communication, the investor letter on
6 behalf of Mr. Archer. I don't recall how that was received.

7 MR. TOUGER: Ask you to keep your voice up. We can't
8 hear you over here.

9 THE WITNESS: Sure.

10 BY MR. SCHWARTZ:

11 Q. Did I hear you correctly, you said you recall receiving an
12 investment letter, but you don't recall how it was received?

13 A. Correct.

14 Q. That is what you were referring to when you testified last
15 week that you quote-unquote communicated with Mr. Archer,
16 right?

17 A. I received the document that was signed by him, yes.

18 Q. Other than receiving the investment letter back, you had no
19 communications of any kind with Mr. Archer, true?

20 A. Correct.

21 Q. So let's talk about that investment letter for a second.

22 MR. SCHWARTZ: Mr. Jackson, can you pull up Exhibit
23 281 in evidence and publish it to the entire courtroom. It may
24 take a second to switch over to our system.

25 (Continued on next page)

I5T7GAL6

Anderson - Cross

1 MR. SCHWARTZ: 281, please. Here we go.

2 Q. There is the investment letter you were referring to,
3 correct?

4 A. Correct.

5 MR. TOUGER: I don't have it.

6 THE COURT: You don't have the screen working? OK.
7 For the time being I'm just going to ask you if you could look.

8 MR. TOUGER: It just popped up.

9 THE COURT: Exhibit 281. OK, you can proceed. Thank
10 you.

11 BY MR. SCHWARTZ:

12 Q. This document is Exhibit 281, this was a document that you
13 had drafted, correct?

14 A. I had drafted a form of this document.

15 Q. When you say a form of the document, you mean everything
16 except for filling in the names and addresses, correct?

17 A. Probably date too.

18 Q. Names, addresses and dates, but otherwise you drafted this,
19 correct?

20 A. Correct.

21 Q. And, by the way, there is nothing remotely improper about
22 an investment letter like this, is there?

23 A. No.

24 Q. This kind of letter is absolutely routine for securities
25 sold in private placements, right?

I5T7GAL6

Anderson - Cross

1 A. It is.

2 Q. In fact it's required for securities sold in private
3 placements, right?

4 A. No.

5 Q. Well, the letter may not be required, but the qualification
6 of a buyer as an accredited investor or a qualified
7 institutional buyer is required, true?

8 A. Not necessarily. There are a number of exemptions. You
9 want to be able to fit in one of them. These are the most
10 clear cut definitive.

11 Q. So if a person or entity is going to buy securities in a
12 private placement like this, they have to fit into an exception
13 under the securities laws, right?

14 A. Correct.

15 Q. And this letter reflects the facts that make a buyer fit
16 into one of those exemptions, true?

17 A. At least one of them, yes.

18 Q. And that's the exemption for being an accredited investor
19 or qualified institutional buyer, right?

20 A. That's correct.

21 Q. And you have used this kind of investment letter many times
22 in your deals before this, right?

23 A. Yes.

24 Q. And you've used it many times since, true?

25 A. Yes.

I5T7GAL6

Anderson - Cross

1 Q. Now, this investment letter, Exhibit 281, you did not send
2 this to Devon Archer, true?

3 A. Correct.

4 Q. You sent this to Jason Galanis to be signed, right?

5 A. Correct, yes.

6 Q. And you never discussed this document with Mr. Archer,
7 right?

8 A. No, I did not.

9 Q. And you received the signed document back from Mr. Galanis,
10 true?

11 A. I'm not sure about that.

12 Q. Well, you didn't get it back directly from Mr. Archer,
13 correct?

14 A. I'm not sure about that. I recall receiving it back.

15 MR. SCHWARTZ: Well, Mr. Jackson, if you could take
16 that down, and could I ask you to show only for the witness,
17 the judge and the lawyers Exhibit 4126 for identification.

18 Q. Now, the bottom e-mail in this chain is an e-mail from you
19 to Jason Galanis, true?

20 A. That is true.

21 Q. This is the e-mail which you sent Jason Galanis, the
22 investor letter for Mr. Archer's signature, correct?

23 A. Correct.

24 MR. SCHWARTZ: I move Exhibit 4126 into evidence.

25 MS. TEKEEI: No objection.

I5T7GAL6

Anderson - Cross

1 THE COURT: It will be admitted.

2 (Defendant's Exhibit 4126 received in evidence)

3 MR. SCHWARTZ: Can you publish that for the jury now,
4 Mr. Jackson. So if you could blow up the bottom third of this,
5 Mr. Jackson.

6 Q. This is an e-mail from you to Jason Galanis, and the text
7 is "Attached is the investor letter, can you get to Devon for
8 signature. If he has any questions, tell him he's free to
9 call."

10 Did I read that right?

11 A. That is correct, yes.

12 Q. And you never, to be clear, had a phone call with
13 Mr. Archer, correct?

14 A. Not that I recall.

15 Q. Did he have your phone number, to your knowledge?

16 A. It's on the bottom of the e-mail. He had this e-mail
17 perhaps.

18 MR. SCHWARTZ: Now, if you could back out of this,
19 Mr. Jackson.

20 Q. And if you read through the rest of the chain, are you
21 familiar with the name Cliff Wolff?

22 A. No.

23 Q. Are you familiar with the name Sebastian Momtazi?

24 A. No.

25 Q. Do you see in this chain that at the very top it says

I5T7GAL6

Anderson - Cross

1 "Gentlemen, based on my understanding of the request, this
2 letter is executed and attached."

3 It's signed Seb. Do you see that?

4 A. Yes.

5 Q. Does this refresh your recollection that you did not
6 receive the investor letter from Jason Galanis?

7 A. No, I just don't recall who forwarded this to me -- who
8 forwarded the executed letter to me.

9 Q. Does this refresh your recollection that you did not
10 receive it from Mr. Archer? I apologize.

11 A. No, not necessarily. I received it from one of them.

12 Q. From someone.

13 A. Correct.

14 Q. But you don't have in Dilworth Paxson's files the e-mail in
15 which you received it.

16 A. We may. I don't recall.

17 Q. You didn't produce it to the government as part of your
18 thorough review in this case.

19 A. We did.

20 Q. You did. You produced that e-mail attaching --

21 A. No, not this one. We produced everything that we have.

22 Q. You did not produce an e-mail where you received the
23 investor letter, Government Exhibit 281, did you?

24 A. I don't recall.

25 Q. So, sitting here today you don't know whether or not you

I5T7GAL6

Anderson - Cross

1 have ever communicated with Mr. Archer directly at all; isn't
2 that true?

3 A. Correct.

4 Q. Because the only potential communication was if he e-mailed
5 that investor letter to you, correct?

6 A. Correct.

7 Q. And now you can't recall if he in fact did e-mail it to
8 you, correct?

9 A. Correct.

10 Q. And we don't have any record of how it got to you, correct?

11 A. Correct.

12 Q. But we can see from Defense Exhibit 4126 that everyone else
13 was handling this investor letter other than Mr. Archer,
14 correct?

15 MS. TEKEEI: Objection, your Honor.

16 THE COURT: Sustained.

17 Q. All of the information you received about Mr. Archer, it
18 came from Jason and Yanni Galanis, true?

19 A. Correct.

20 Q. And all of the information you received about Rosemont
21 Seneca Bohai, that also came from Jason and Yanni Galanis,
22 true?

23 A. Correct.

24 Q. You hadn't even heard of Mr. Archer until late September
25 2014 in connection with this second bond issuance, right?

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Anderson - Cross

1 A. Correct.

2 Q. And that's when Jason Galanis told you that Rosemont Seneca
3 Bohai would be the buyer for the second issuance, right?

4 A. That's correct.

5 Q. And it was Jason Galanis who told you that Rosemont Seneca
6 Bohai was somehow associated with Mr. Archer, right?

7 A. Correct.

8 Q. And that's when you obtained Government Exhibit 281, the
9 investor letter, correct?

10 A. Could you repeat that?

11 MR. SCHWARTZ: Mr. Jackson, could we put that back on
12 the screen.

13 A. Yes, um-hum.

14 Q. And go to the second page of this, please. Would it
15 surprise you to learn that that's not Mr. Archer's signature?

16 MS. TEKEEI: Objection.

17 THE COURT: Sustained.

18 Q. Do you know whether that's Mr. Archer's signature?

19 A. No.

20 MR. SCHWARTZ: You can take that down.

21 Now, can we have Government Exhibit 1270 in evidence
22 up.

23 Q. Do you remember testifying about this e-mail last week?

24 A. Yes.

25 Q. This is how you learned that Rosemont Seneca Bohai was

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Anderson - Cross

1 going to be the buyer of part of the second bond issuance,
2 true?

3 A. The bottom part, yes.

4 Q. And Jason and Yanni Galanis told you that this buyer,
5 Rosemont Seneca Bohai --

6 MR. TOUGER: Objection. John Galanis is not on this
7 e-mail.

8 MR. SCHWARTZ: I will rephrase.

9 THE COURT: All right.

10 Q. So you learned that Rosemont Seneca Bohai was a customer of
11 Burnham, true?

12 A. Correct.

13 Q. Who did you learn that from?

14 A. I learned that in a call with Jason Galanis and Yanni
15 Galanis.

16 Q. So that was a phone call.

17 A. Correct.

18 Q. And in that phone call they also told you that Rosemont
19 Seneca Bohai was attracted to the socially responsible aspect
20 of the bonds, true?

21 A. I don't recall if they used that term then, but I believe
22 the exact -- well, not the exact -- but the line was they are
23 Burnham clients who are excited about what we're doing and want
24 to be part of this.

25 Q. Well, you told the government in one of your interviews

I5T7GAL6

Anderson - Cross

1 specifically that Rosemont was attracted to the socially
2 responsible aspect, didn't you?

3 A. Yes, I believe that's an accurate statement.

4 Q. Now, I just want to be clear on one thing. You testified a
5 moment ago that you hadn't heard of Mr. Archer or Rosemont
6 Seneca Bohai prior to late September 2014, this time period,
7 true?

8 A. Correct.

9 Q. Now, that's true even though you had received documentation
10 with his name on it previously, right?

11 A. Correct.

12 Q. So we looked, for example, last week at Government Exhibit
13 1300 --

14 If we could have that up. Page 3 of this document.

15 You recall Ms. Tekeei had you read right in the middle
16 of the page the paragraph beginning Devon Archer?

17 A. Yes.

18 Q. That's not something -- if you could blow that up,
19 Mr. Jackson --

20 You see the second paragraph up from the bottom, Devon
21 Archer is a principal?

22 A. I do.

23 Q. That's not something you paid attention to at the time you
24 received this document, correct?

25 A. Correct.

I5T7GAL6

Anderson - Cross

1 Q. Even though it has his name on it, correct?

2 A. Correct.

3 Q. And even though Ms. Tekeei had you read it, right?

4 A. I did read it.

5 Q. You read it last week, but you didn't read it at the time.

6 A. Correct.

7 MR. SCHWARTZ: You can take that down.

8 By the way, can we show just to the witness, the judge
9 and the lawyers Defense Exhibit 4907.

10 Q. Do you recognize who that is?

11 A. I believe that's a younger Jason Galanis.

12 MR. SCHWARTZ: I move defense Exhibit 4907 into
13 evidence.

14 MS. TEKEEI: No objection.

15 THE COURT: All right. That will be admitted.

16 (Defendant's Exhibit 4907 received in evidence)

17 MR. SCHWARTZ: Publish that, please, Mr. Jackson.

18 Q. Let's see who we have been talking about. Now, again,
19 everything you know about Devon Archer comes from Jason Galanis
20 and Yanni Galanis, correct?

21 A. Correct.

22 Q. Incidentally, there is another Devon in these deals, right?

23 A. There is.

24 Q. There is a Devon Wicker?

25 A. Correct.

I5T7GAL6

Anderson - Cross

1 Q. He spells his name differently?

2 A. Yeah, I-N.

3 Q. D-e-v-i-n, right?

4 A. Correct.

5 Q. And at one point early on you even confused the two Devons,
6 right?

7 A. I did.

8 Q. Now, you spoke directly with Devin Wicker because he was
9 associated with that firm Bonwick Capital that you talked
10 about, true?

11 A. That's correct.

12 Q. And you also spoke to him because at one point his firm
13 Bonwick Capital acquired the bonds that Mr. Cooney had
14 originally purchased, true?

15 A. I wasn't aware of that.

16 Q. In 2015 you did start working directly with Mr. Wicker,
17 correct?

18 A. Correct.

19 Q. And you met Devin Wicker in person, true?

20 A. I did.

21 Q. For example, you attended a meeting in Burnham Securities
22 Inc.'s offices in New York City with Jason Galanis and Devin
23 Wicker and a man named Andrew Godfrey and a woman named
24 Marcelle Devine, true?

25 A. I don't recall if Marcelle was in the meeting. She was

I5T7GAL6

Anderson - Cross

1 there in the building.

2 Q. Who is Marcelle Devine?

3 A. Some employee of Burnham.

4 Q. And who is Andrew Godfrey?

5 A. The same.

6 Q. An employee of Burnham?

7 A. Yes.

8 Q. By the way, when you were in the Burnham offices in
9 Manhattan, you also saw Hunter Biden, true?

10 A. I saw a Biden, presumably it was Hunter, yeah.

11 Q. It wasn't Joe Biden?

12 A. It wasn't Joe, no.

13 Q. Did someone point Mr. Biden out to you?

14 A. Someone did. I don't recall who, but someone who was
15 there.

16 Q. Did Jason Galanis point Mr. Biden out to you?

17 A. I don't recall specifically who did.

18 Q. It might have been.

19 A. It may have been.

20 Q. Mr. Archer was not there.

21 A. I don't recall seeing him there, no.

22 Q. You never met with Mr. Archer?

23 A. No. No.

24 Q. Now, Mr. Touger asked you a number of questions about your
25 meetings with the government. I don't want to go through the

I5T7GAL6

Anderson - Cross

1 same material, but I do want to be clear about one thing. The
2 very first time that you met with the government, that was in
3 late November 2017, correct?

4 A. That sounds correct.

5 Q. And after Thanksgiving, late in the month.

6 A. Right.

7 Q. And you were aware at the point that you met with the
8 government that they had already brought this case, right?

9 A. Yes.

10 Q. That they had in fact brought this case about a year and a
11 half earlier, right?

12 A. Correct.

13 Q. So they first got around to interviewing you a year and a
14 half after they brought this case, true?

15 A. It seems to be correct.

16 Q. And even though you were the one -- you were the lawyer on
17 every single important document on the bonds, right?

18 MS. TEKEEI: Objection.

19 THE COURT: Sustained.

20 Q. You were the lawyer representing Burnham Securities for
21 every single important bond document, correct?

22 MS. TEKEEI: Objection.

23 THE COURT: Sustained.

24 Q. You were the lawyer representing Burnham Securities, Inc.
25 who wrote or reviewed every important WLCC bond document, true?

I5T7GAL6

Anderson - Cross

1 MS. TEKEEI: Objection.

2 THE COURT: Just rephrase it.

3 Q. You were the lawyer representing Burnham Securities, Inc.
4 who wrote or reviewed what you have described as the core bond
5 documents for all three of the WLCC bond offerings, true?

6 THE COURT: I will allow that.

7 A. The core, yes.

8 Q. Thank you. After that original November 2017 interview,
9 the next time you spoke to the government was just last month,
10 in April, true?

11 A. That sounds correct.

12 Q. And since then, in rehearsing your testimony, you have met,
13 as you said, five or six times, true?

14 MS. TEKEEI: Objection.

15 THE COURT: Sustained.

16 Q. Since then you have met with the government five or six
17 times to prepare for your testimony, true?

18 A. I have met with the government five or six times since
19 then, yes.

20 Q. Just over April and May of 2018.

21 A. I believe the first meeting was in April, yes.

22 Q. Now, I don't want to go back over all of your many
23 qualifications, but suffice it to say you are an experienced
24 securities lawyer, right?

25 MS. TEKEEI: Objection.

I5T7GAL6

Anderson - Cross

1 THE COURT: I will allow that.

2 A. As it relates to bond issuances.

3 Q. You've represented bond issuers.

4 A. I have.

5 Q. And you've represented bond placement agents?

6 A. I have.

7 Q. You have represented bond underwriters.

8 A. Correct.

9 Q. You are a member of the National Association of Bond
10 Lawyers.

11 A. I am.

12 Q. You are a member of the board of the Pennsylvania
13 Association of Bond Lawyers.

14 A. I am.

15 Q. And you have experiences, as you testified, specifically
16 with municipal and tribal bonds, true?

17 A. Correct.

18 Q. Over ten years of experience, right?

19 A. Yes.

20 Q. And you were an experienced bond lawyer when you got into
21 these deals in 2014, right?

22 A. Yes.

23 Q. Your prior experience with Native American bonds involve
24 bonds of similar value to the WLCC bonds, true?

25 A. Similar value to whom?

I5T7GAL6

Anderson - Cross

1 Q. Face value, the amount of the issuance.

2 A. Oh, yes, yes.

3 Q. In other words, you had previously worked on Native
4 American issuances up to about \$40 million in size?

5 A. Depending, yes. Some were smaller, some were around the
6 size of each of these.

7 Q. And each of these was less than \$40 million, right?

8 A. They were.

9 Q. The biggest was about 28?

10 A. That sounds correct, yes.

11 Q. Now, you testified I believe that the WLCC had been -- was
12 it the WLCC or was it the Wakpamni Lake Community that had been
13 a client of Dilworth Paxson prior to the bonds?

14 A. WLCC, the economic development corporation.

15 Q. The specific entity that was the issuer of the bonds here.

16 A. That's right.

17 Q. But not in connection with bond issuances. In connection
18 with other work.

19 A. Correct.

20 Q. And were they clients of yours specifically or others at
21 Dilworth Paxson?

22 A. Of mine.

23 Q. Now, even though the WLCC had been personally your client
24 before, you did not represent the WLCC with respect to these
25 bonds, true?

I5T7GAL6

Anderson - Cross

1 A. That's correct.

2 Q. Your client, as you've testified, was Burnham Securities
3 Inc., the placement agent, right?

4 A. Correct.

5 Q. Now, you testified last week that Burnham showed an
6 interest in you representing them and looking at the
7 transaction, true?

8 A. Yes.

9 Q. In fact, when you first got involved in the WLCC bond
10 project, Jason Galanis suggested that you should represent the
11 WLCC because of your prior relationship, right?

12 A. I don't know. I don't recall.

13 Q. You don't -- you don't recall that that was Mr. Galanis'
14 suggestion?

15 A. I don't recall if that was a suggestion or he took note
16 that I had worked with them in the past. I don't know.

17 Q. And you don't recall that it was your idea to represent
18 Burnham Securities, Inc.?

19 A. I don't, no.

20 Q. So let's take a look at Government Exhibit 1220 in
21 evidence.

22 Can you blow up the bottom e-mail, please,
23 Mr. Jackson, including the header.

24 This is an e-mail from Jason Galanis to you, correct?

25 A. Correct.

I5T7GAL6

Anderson - Cross

1 Q. In May 2014, in advance of the first offering, right?

2 A. Correct.

3 Q. And if you look three paragraphs down Jason writes, "We
4 understand you will be issuer counsel given your existing
5 representation."

6 Did I read that right?

7 A. You did.

8 Q. And your existing representation was of the WLCC, true?

9 A. Correct.

10 Q. And issuer in the context of this bond deal is also the
11 WLCC, right?

12 A. Correct.

13 Q. So what Jason Galanis was writing here was we understand
14 you will represent the WLCC, given your existing representation
15 of the WLCC, true?

16 A. That's what he wrote, yes.

17 Q. And if we could back out of that and see the next e-mail
18 up, what was your response?

19 A. "Jason, upon reflecting on things, I'm determining if the
20 tribe can find special counsel and then I could represent
21 Burnham, which I think would make this go more smoothly. Are
22 you in agreement?"

23 Q. So, would you agree with me, Mr. Anderson, that Jason
24 Galanis originally suggested that you represent the WLCC?

25 A. I don't know. The part you had highlighted, first, I don't

I5T7GAL6

Anderson - Cross

1 know where he got the understanding I was representing
2 Wakpamni. Early in the transaction it was sort of unresolved,
3 an unresolved matter, who was representing whom. I hadn't
4 represented Wakpamni on any prior bond issues or anything like
5 that, so I don't know where he got that understanding. It
6 could have been, but I just don't recall.

7 Q. Would you agree with me that Dilworth Paxson represent
8 Burnham Securities, Inc.?

9 A. I don't recall it that way. Someone had brought up to me
10 the idea of representing Burnham Securities, and I believe
11 that's upon reflecting upon things, but that's how I recall it.

12 Q. Do you recall a conversation with someone outside of your
13 law firm suggesting that you might represent Burnham?

14 A. Yes.

15 Q. In between the time that you received this first e-mail
16 from Jason Galanis and the time that you responded?

17 A. Sometime around that time period people were sort of coming
18 to the conclusion that it was going to be a deal and
19 determining how all the parties fit together.

20 Q. Now, you testified a little bit earlier today about the law
21 firm you were at at the time, Dilworth Paxson. It was a big
22 full service law firm, right?

23 A. Right.

24 Q. And in May 2014 were you what is called a partner at the
25 law firm?

I5T7GAL6

Anderson - Cross

1 A. Yes.

2 Q. And as a partner of Dilworth Paxson, your compensation,
3 your pay, was based in part upon the profits of the firm, true?

4 A. Correct.

5 Q. And in part upon the profits that you personally generated,
6 true?

7 A. Correct.

8 Q. And one of your responsibilities as a partner at Dilworth
9 Paxson was to generate business, right?

10 A. Sure.

11 Q. Meaning find new clients or new deals to work on, right?

12 A. That's correct.

13 Q. That's why you were at that conference in Las Vegas; it was
14 a business development trip for you, right?

15 A. Correct.

16 Q. No one was paying you to be there, right?

17 A. That's right.

18 Q. It was client development.

19 A. Correct.

20 Q. And to state the obvious, bigger clients, clients with
21 bigger legal problems are better clients from a profit
22 perspective, true?

23 A. Yes.

24 Q. And, therefore, more valuable to you personally, right?

25 A. Correct.

I5T7GAL6

Anderson - Cross

1 Q. And the reason why you, Tim Anderson, wanted to represent
2 Burnham Securities, Incorporated, rather than the WLCC, is
3 because you believed Burnham Securities was going to be the
4 more valuable client, right?

5 A. I don't know if I agree with that. There were a number of
6 considerations.

7 Q. But that was one of the considerations, right?

8 A. They appeared that they could be a good client, yes.

9 Q. And it could be a long-term client, right?

10 A. Could be, yes.

11 Q. And in particular Jason Galanis seemed to be a valuable
12 contact, correct?

13 A. Correct.

14 Q. And he was someone who you hoped would get you business and
15 refer business to you in the future, correct?

16 A. Via Burnham.

17 Q. And your expectation was that Jason Galanis would refer
18 more business to you and your law firm through Burnham, true?

19 A. Yes.

20 Q. And in fact Jason Galanis told you about some of his plans
21 for Burnham, right?

22 A. He did.

23 Q. And he told you about how he was going to make it into a
24 big full service financial institution, true?

25 MS. TEKEEI: Objection. Hearsay.

I5T7GAL6

Anderson - Cross

1 MR. SCHWARTZ: Not for the truth.

2 THE COURT: I will allow it.

3 A. He never really used those words, but he seemed to have an
4 interest in economic development projects, which is what I do.

5 Q. He gave you the impression that he was going places, right?

6 A. He gave me the impression that he was committed to economic
7 development financing projects.

8 Q. And that would mean more work for you and your law firm.

9 A. It could, yes.

10 Q. And from time to time Jason Galanis would send you
11 information about how his plans were going, right?

12 A. From time to time, yes.

13 Q. He would send you information about deals he was working on
14 to acquire new companies under the Burnham brand, true?

15 A. I don't know if I recall that, but I do recall receiving
16 marketing materials.

17 Q. Well, let me back up. From time to time Jason or Yanni
18 Galanis talked to you about other business you might do with
19 them, right?

20 A. Of other projects, other -- yes.

21 Q. And you testified about some of this before. You talked
22 about a propane deal and a fire station?

23 A. Fire station was Wakpamni's, but it was a propane deal, a
24 medical clinic.

25 Q. And these were other deals where you were hoping that your

I5T7GAL6

Anderson - Cross

1 law firm would be engaged, true?

2 A. Correct.

3 Q. And that would be profitable for you personally, true?

4 A. Hopefully, yes.

5 Q. And so in your communications with John and Yanni -- excuse
6 me -- Yanni and Jason Galanis -- one of the things you were
7 doing was pushing a new business, true?

8 A. Discussing any projects, sure.

9 Q. And trying to make sure that it came to you, right?

10 A. Sure, yes.

11 Q. For example --

12 One second, your Honor. So, at this time, your Honor,
13 I move into evidence Defense Exhibit 1344.

14 THE COURT: Any objection?

15 MS. TEKEEI: Your Honor, only the agreed upon excerpts
16 that we had discussed earlier, but other than that, no
17 objection.

18 THE COURT: All right. Consistent with our prior
19 discussion.

20 (Defendant's Exhibit 1344 received in evidence)

21 MR. SCHWARTZ: Absolutely, your Honor. We haven't cut
22 the PDF down yet, so I will refer to pages.

23 THE COURT: Fine. Just have the sections blown up.

24 MR. SCHWARTZ: Exactly.

25 So, Mr. Jackson, you can put up Defense Exhibit 1344

I5T7GAL6

Anderson - Cross

1 and go directly to page 24.

2 Q. What are we looking at here?

3 MR. TOUGER: Before we do this, can we have a sidebar?

4 THE COURT: Sure.

5 (Continued on next page)

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I5T7GAL6

Anderson - Cross

1 (At the side bar)

2 MR. TOUGER: I thought we decided that we were going
3 to do this tomorrow, because I haven't yet looked at the exact
4 ones.

5 MR. SCHWARTZ: No.

6 THE COURT: No.

7 MR. SCHWARTZ: We decided just that when we get to
8 that one page, if I get the answer that provokes impeachment,
9 we will come back and talk about it.

10 MR. TOUGER: This isn't that page?

11 MR. SCHWARTZ: This is not that page.

12 MR. TOUGER: What page is this?

13 MR. SCHWARTZ: He's talking about the propane deal.

14 THE COURT: Look, I'm unlikely to allow it in, that
15 sexist banter. I think there is another way to get it in to
16 get your point across, so I'm going to ask you to do that in
17 the first instance. I mean, as I said, I will see how it goes
18 and I will think about it, but I will just tell you now that's
19 the way I'm leaning.

20 MR. SCHWARTZ: That's fine. That's not what I'm doing
21 right now. And when we get to that point, your Honor -- even
22 if that is your ruling -- I do intend to confront him with
23 that. I won't publish it to the jury, but I do intend to
24 confront him.

25 THE COURT: That's fine. Part of my problem is just

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Anderson - Cross

1 the vagaries of a comment of saying something totally contrary
2 to what you believe, in addition to the prejudice that may flow
3 from the sexism, it's inherent in the banter. But why don't
4 you proceed for now.

5 MR. TOUGER: So this one is only concerning the
6 propane deal?

7 MR. SCHWARTZ: Yes, but we're going to get to this
8 pretty soon.

9 MS. TEKEEI: We just want to make sure that we do not
10 believe it's appropriate for Mr. Schwartz to use an example of
11 Mr. Anderson's communications with Mr. Galanis whether by
12 question or whether by showing it to him as a way of showing
13 him an analogy to how he, his client, communicated with people
14 in business. That's just not an appropriate question for this
15 witness. Would don't believe he should be able to ask that
16 question at all, especially the way he has posed it.

17 THE COURT: I will let you get the general idea out,
18 but I agree -- I agree with you in principle, but I will let
19 you ask some questions about the way he communicates and a
20 level of informality and the like, but again I think I'm going
21 to have a problem with sort of the ultimate question and
22 impeachment.

23 MR. SCHWARTZ: Not the ultimate question but the
24 reading of those pages.

25 THE COURT: Yeah.

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Anderson - Cross

1 MS. TEKEEI: But I think it was the ultimate question,
2 your Honor, the way he has phrased it.

3 THE COURT: I think there is another way to get out
4 without asking the question as you phrased it earlier with
5 respect to do you ever say something and you mean the exact
6 opposite. I do think that's an improper way of questioning
7 this witness, so I'm sorry if I wasn't clear on that.

8 MR. SCHWARTZ: Look --

9 THE COURT: But I think you can ask about the
10 informality of banter, and I think there are other ways to get
11 at your point.

12 MR. SCHWARTZ: It's informality, but it's also -- I
13 don't know what the exact word is. It's more than puffery.
14 It's the placation that people who are trying to get money give
15 to people in business. You know, he doesn't read everything,
16 and sometimes he will say that's great, and sometimes he says
17 things that are the exact opposite of what he believes, just to
18 maintain the relationship. And making the point that that's
19 how business works is a legitimate point.

20 THE COURT: I will tell you that -- so I will sustain
21 the objection, but I will let you ask some questions about the
22 way people do business and speak to each other.

23 MR. SCHWARTZ: OK.

24 (Continued on next page)

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Anderson - Cross

1 (In open court)

2 MR. SCHWARTZ: Can we get back up Defendant's Exhibit
3 1344, page 24.

4 I apologize, can you remind me the last question.

5 (Record read)

6 Q. Thank you very much. And so I have up on your screen
7 Defense Exhibit 1344. Mr. Anderson, can you tell us what this
8 is?

9 A. This is I describe it as a transcript of texts with Yanni
10 Galanis.

11 Q. This is your texts with Yanni Galanis.

12 A. Correct, yes.

13 Q. From your cell phone to his cell phone, true?

14 A. Correct.

15 Q. And this was one of the many documents that your law firm
16 Dilworth Paxson produced as part of its thorough review of
17 every single document about this case, true?

18 MS. TEKEEI: Objection.

19 THE COURT: Sustained.

20 Q. This was one of the documents that your law firm Dilworth
21 Paxson produced after its review of its files, true?

22 A. It produced it, yes.

23 Q. And they even went to you said we want to get your texts
24 from your cell phone, right?

25 A. Right.

I5T7GAL6

Anderson - Cross

1 Q. They produced e-mails, right?

2 A. Right.

3 Q. They produced drafts of deal documents, right?

4 A. Correct.

5 Q. It did not produce any e-mails between you and Mr. Archer,
6 true?

7 A. I'm not sure.

8 Q. You're not aware of any?

9 A. I'm not aware of any.

10 Q. About four lines down you say "That'll let us focus on
11 propane." Right?

12 A. Correct.

13 Q. You're trying to turn Mr. Galanis' attention to the propane
14 deal that you want to work on, true?

15 A. Well, the propane had already started by then, but...

16 Q. And you wanted to advance that deal, right?

17 A. Yes.

18 Q. Because your law firm gets paid at closing, right?

19 A. We do.

20 Q. And if a deal doesn't close, you may not get paid, right?

21 A. Correct.

22 Q. That deal, for example, the propane deal, never closed,
23 right?

24 A. It did not.

25 Q. So you never got paid for it, true?

I5T7GAL6

Anderson - Cross

1 A. Correct.

2 Q. So it was important for you that the deal reach completion,
3 right?

4 A. Correct.

5 Q. And that's why you wanted to focus on propane, right?

6 A. Correct.

7 Q. So let's look at page 36. Here too you're saying I
8 represent Burnham and Bonwick on the propane bonds, right?

9 A. That doesn't relate to the propane bond, as I recall.

10 Q. It says "on the propane bonds," right?

11 A. The very first line?

12 Q. Sorry, I'm looking at the third.

13 A. Third, oh, yes, sorry.

14 Q. "I represent Burnham and Bonwick on the propane bonds."Did
15 I read that right?

16 A. You did, yes.

17 Q. And is that true that you represented both Burnham and
18 Bonwick on the propane bonds?

19 A. At that time, um-hum.

20 Q. Do you get paid extra if you have two clients?

21 A. No.

22 Q. That's the same deal though, right?

23 A. Correct.

24 Q. And that was an entirely different deal from these WLCC
25 bonds, right?

I5T7GAL6

Anderson - Cross

1 A. It was.

2 Q. Now, you were also talking with Mr. Galanis about other
3 potential bond issuances, right?

4 A. There was at least one other one, yes.

5 Q. So let's look at page 28. If you look at the second line
6 down, second bubble down, you say "I'm waiting on an update on
7 matters from LSH. Rating meeting is the 19th. Am boarding
8 now. Will call tomorrow and text what I know tonight." Did I
9 read that right?

10 A. You did.

11 Q. When you say "rating meeting is the 19th," you're referring
12 to a meeting you were going to have with Moody's Investors
13 Services, right?

14 A. Correct.

15 Q. And that's one of the rating agencies, true?

16 A. Correct.

17 Q. Rating agencies can -- but don't have to -- review
18 securities, right?

19 A. Correct.

20 Q. And if they're asked to review a security, they assign a
21 risk rating, true?

22 A. Right.

23 Q. Can be triple A?

24 A. Yeah, depending on the rating agency.

25 Q. Triple A is the best, right?

I5T7GAL6

Anderson - Cross

1 A. Well for at least one of the rating agencies, yes. One may
2 be A plus. I don't know.

3 Q. There are a few different services; they don't use exactly
4 the same scale, but it's like school, A is the best, right?

5 A. Pardon?

6 Q. It's like school, A is the best, right?

7 A. A is the best, some version of A.

8 Q. And on the next page, page 29, you say -- I'm looking at
9 the bottom third --

10 If you could blow that up, Mr. Jackson --

11 So Mr. Galanis asks you, "All go well?"

12 And your response is, "We think so. Likely not
13 investment grade but hoping for the b's. Key is to get them to
14 turn it around so we can close this year." Right?

15 A. Correct.

16 Q. And a B is also a rating for the bond, right?

17 A. Correct.

18 Q. And you were focused on wanting to close this deal before
19 the end of the year in part so your law firm would get paid,
20 true?

21 A. In part probably, yes.

22 THE COURT: Mr. Schwartz, is this a good time to stop?

23 MR. SCHWARTZ: This would be an excellent time, your
24 Honor. Thank you.

25 THE COURT: All right. So, ladies and gentlemen,

I5T7GAL6

Anderson - Cross

1 tomorrow we're starting at 11, so please get here a little
2 early, and we will do what we did today and take a shorter
3 lunch. Just remember don't discuss the case and keep an open
4 mind. Thank you.

5 (Continued on next page)

I5T7GAL6

Anderson - Cross

1 (Jury not present)

2 MR. TOUGER: May I just have one moment of the court's
3 time.

4 THE COURT: One moment.

5 MR. TOUGER: It has nothing to do with the trial.
6 Going back to Mr. Galanis's situation this morning that we were
7 discussing, when he went to the emergency room they said he
8 needed to follow up with spinal testing. I know we're off in
9 that 13th or 14th area. I was wondering if -- I will alert
10 legal -- but if the government could do what they did before,
11 could also talk to legal about scheduling that during that time
12 period so we don't lose any trial time.

13 THE COURT: If they can assist in the coordination
14 with the facility, that would be great.

15 MR. SCHWARTZ: We have something that we can raise at
16 side bar.

17 THE COURT: I just have to go. On the record or off
18 the record?

19 MR. SCHWARTZ: It could be off the record.

20 (Discussion held off the record)

21 (Trial adjourned to May 30, 2018 at 11 a.m.)
22
23
24
25

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